

MAY 2  
1936

# BUSINESS WEEK

BUSINESS  
INDICATOR

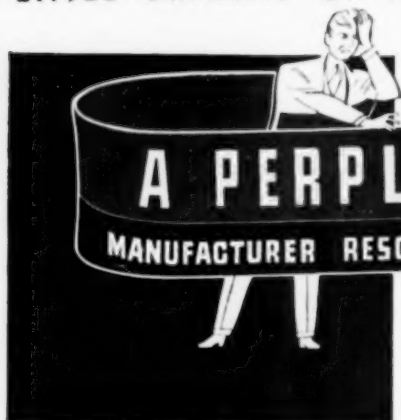


BLUE RIBBON MONTH—May will see German Hindenburg and England's Queen Mary joining France's Normandie in the transatlantic race.

McGRAW-HILL  
PUBLISHING  
COMPANY, INC.

UNIVERSITY OF MICHIGAN  
GENERAL LIBRARY  
4th ARBOR MICH

LITTLE DRAMAS OF AMERICAN INDUSTRY—PRESENTED BY TRUSCON



## A PERPLEXING PREDICAMENT

MANUFACTURER RESCUED BY TRUSCON STANDARD BUILDING SERVICE

A manufacturer decided to relocate his business. Examining his lease, he discovered it would automatically renew in 30 days if he failed to vacate his present plant. Groans! Dismay! Then someone suggested, "Call Truscon!" Action ensued. 22 days after contract was signed . . . there stood

his new plant . . . ready for occupancy. "Didn't think it possible!" beamed the delighted owner. (The object of his amazement is a standard Type 2, Series B Building, 80 feet wide, 280 feet long, clear height, 14 feet, 1 inch.) What other comparable structure could be built in shorter time?



### TRUSCON FHA PLAN

It's easy to finance a Truscon Standard Building. You can spread payments over a period of time that is often estimated to make the Truscon building pay for itself from profits on the investment and savings in maintenance costs.

• • •

#### USE THIS FOR PROMPT REPLY

We are interested in the type of building checked below.

Length . . . . . Width . . . . . Clear Height . . . . .

#### SERIES-A—pitched roof types

TYPE-1 <input type="checkbox"/>		TYPE-2 <input type="checkbox"/>
TYPE-3 <input type="checkbox"/>		TYPE-3-M <input type="checkbox"/>
TYPE-4 <input type="checkbox"/>		SAWTOOTH TYPE <input type="checkbox"/>

#### SERIES-B—flat roof types

TYPE-1 <input type="checkbox"/>		TYPE-2 <input type="checkbox"/>
TYPE-3 <input type="checkbox"/>		TYPE-3-M <input type="checkbox"/>
TYPE-4 <input type="checkbox"/>		TYPE-4-M <input type="checkbox"/>

☐ We are interested in the Truscon-FHA plan of financing through the Equipment Acceptance Corporation.

Name . . . . .

Address . . . . .

City . . . . . State . . . . .

In addition to rapid erection, Truscon Standard Buildings loom up with other advantages. **WIDE SELECTIVITY** is one. You can have any size, any type, any arrangement of doors and windows, any kind of side walls and any type of roofs.

**PERMANENCE** is another advantage. Custom-built from rust resisting copper alloy steel units, Truscon Standard Buildings defy the infirmities of age. And note this! . . . Every Truscon structure is now equipped with a base panel of **ENDURO** . . . that invincible stainless steel that fights off every form of destruction.

**PORTABILITY** is an important advantage. Truscon Standard Buildings . . . although *permanent* structures . . . can be dismantled and re-erected in new locations with practically 100% salvage value! As an example . . . a large Pittsburgh manufacturer moved his entire group of Truscon Standard Buildings to another location and only roofing clips (a small cost item) were required to re-erect the entire group of buildings.

**ECONOMY** is perhaps the most surprising advantage of Truscon Standard Buildings. Fewer dollars are required to own them than any other type of permanent structures. As for easy financing . . . note the statement at the left under the title . . . **TRUSCON—FHA PLAN**.

#### STEELDECK ROOFS

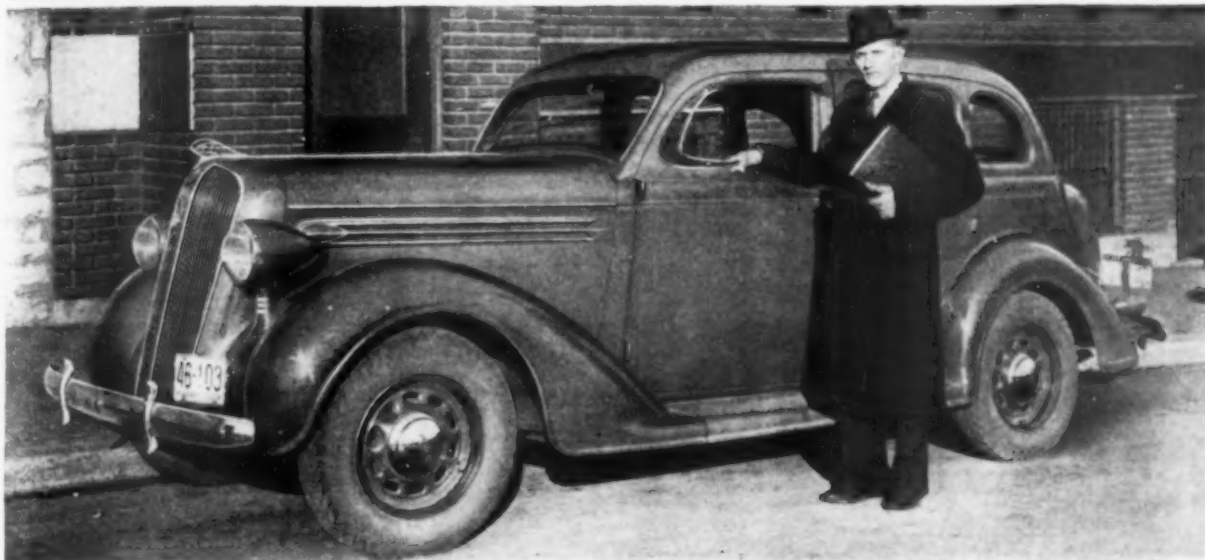
Ideal for Truscon Buildings. Trouble-free. Permanent. Economical. Fire-safe. Light weight (covered with insulation and waterproofing, they weigh as little as 5 pounds per square foot!) Unsurpassed value.

# TRUSCON STEEL COMPANY

## YOUNGSTOWN, OHIO

# "Economy made Me a 4-time Plymouth Owner

**I'M A SALESMAN...NEED LOW FIRST COST AND LOW UPKEEP."**



J. E. EVANS, Kansas City salesman, with his fourth consecutive Plymouth. "It's America's most economical full-size car!"



PLYMOUTH HELPED Mr. Evans win a safe-driving award given by a Kansas City newspaper.

SALESMAN J. E. EVANS, Kansas City, Mo., of a big tent and awning company, is driving his fourth Plymouth.

"Plymouth costs less to own...and to run," he says. "My new Plymouth is averaging 20 miles per gallon...oil consumption is very low...upkeep is the lowest I ever heard of.

"I drive about 30,000 miles a year...and I've never had the head off a Plymouth engine. It's an easy car to drive...comfortable...and has the re-

liability a salesman needs. And it's a safe car...I wouldn't drive today without 100% Hydraulic brakes!"

Ten of the country's biggest fleet-owners have increased the number of Plymouths in their service by 2,434% in the past four years...Plymouth is fast becoming first choice as the great American business car.

Find how Plymouth cuts costs. Ask any Chrysler, Dodge or DeSoto dealer. PLYMOUTH DIVISION OF CHRYSLER CORP.



"PLYMOUTH IS BIG AND ROOMY...and my family's safer in its beautiful Safety-Steel body."

## EASY TO BUY

Plymouth is priced with the lowest...and Plymouth terms are as low as the lowest! You can buy a big, new Plymouth for as little as \$25 a month. The Commercial Credit Company has made available to all Chrysler, Dodge and DeSoto Dealers low finance terms that make Plymouth easy to buy.

**\$510**

And up, List at Factory, Detroit Special Equipment Extra



"ON A TRIP TO CALIFORNIA...6,000 miles, I got 20 miles per gallon...used only 4 quarts of oil."

• TUNE IN ED WYNN THURSDAY NIGHTS 8:30 E. S. T., C. B. S. ... "GULLIVER THE TRAVELER"

# PLYMOUTH BUILDS GREAT CARS



# Copper-Asphalt

## *the latest development in built-up roofing*



**N**OW...a more durable type of built-up roof is available at moderate cost by combining Anaconda "Electro-Sheet" Copper with alternate layers of asphalt. The thin copper sheets, made by electro-deposition, weigh 2 oz. per square foot and are used in rolls 30" wide.

Strong, weather-proof and water-proof...Anaconda "Electro-Sheet" Copper protects the "under-coats" of asphalt from deterioration, keeps them soft and pliable, prevents drying out and cracking.

About 2,000,000 square feet of roofing area has now been covered with "Electro-Sheet" Copper roofing and owners report complete satisfaction. Typical installations include factories, office buildings,

schools, churches, etc., in all sections of this country and in some foreign countries.

Full details about Anaconda "Electro-Sheet" Copper for built-up roofing are contained in Anaconda Publication D-2. Your free copy will be mailed on request.

### *A few of many buildings roofed with Anaconda "Electro-Sheet"*

Lewisohn Stadium, City College of New York; Administration Building, City College of New York; Office Building, Phoenix, Arizona; Substations, Connecticut Light & Power Co., Waterbury and Norwalk, Conn.; Factory Building, Cerro De Pasco Copper Corp., Peru, South America; Factory Building, C. H. Masland & Sons, Inc., Carlisle, Pa.; Radio Station, Fort Tilden, Long Island, N. Y.



### THE AMERICAN BRASS COMPANY

General Offices: Waterbury, Connecticut  
Offices and Agencies in Principal Cities

## ANACONDA COPPER & BRASS

## New Business

MAYBE it's those CCC camps, maybe it's those European "youth movements," maybe it's a reaction from the jazz age; whatever it is, there is an accelerating trend toward out-of-doors life in progress in this country. Scads of industries are interested. A sign of the times is the series of advertisements in which Wellington Sears & Co. is telling sportsmen (and purveyors to sportsmen) about the merits of its heavy cotton fabrics for tents, duffel bags, tarpaulins, and sport clothing. Another is the burgeoning of the bicycle trade, with the New Haven railroad advertising Bicycle Trains running over what was so recently the ski-train route. And the Boston & Maine is putting a week-end Fish Train to Sebago Lake on its schedule.

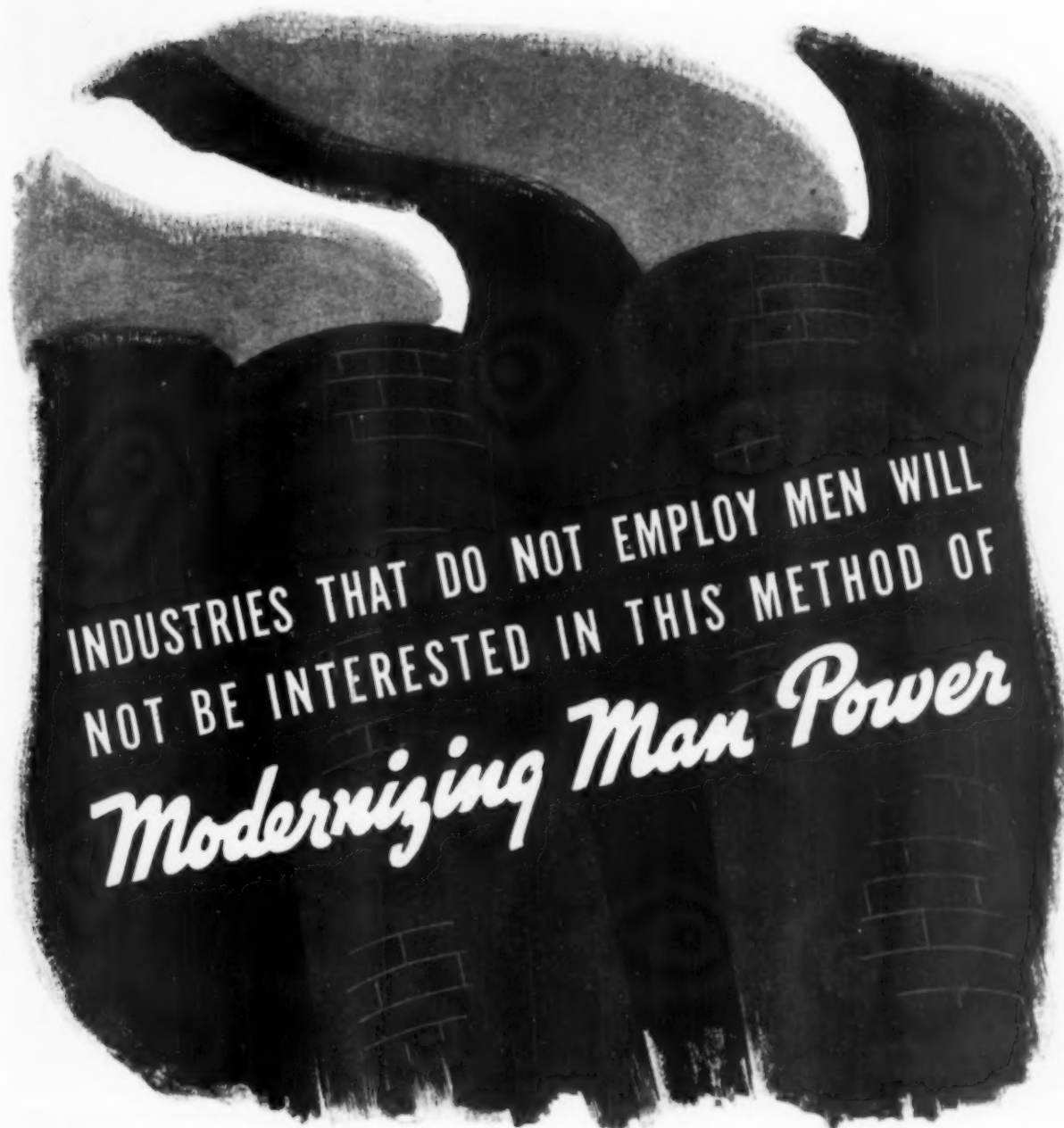
STRONG bidders for the outdoor dollar are the boatmakers. Harvey L. Williams of the Cape Cod Shipbuilding Co., Wareham, Mass., recently told an interested audience at New York's Harvard Club that mass production of small sailboats and mass distribution of the craft through department stores is building a market of decreasing prices, increasing volume.

BEATRICE CREAMERY has a new stunt to remind the home town of its products and of the fact that money spent for them goes back into home-town circulation. Employees get their payroll dollars in cellophane envelopes and pass them out envelope and all. Bank tellers think the company should furnish them with corn-shucking gloves.

THERE'S a fresh interest in farm mortgages. J. C. Thomson, president of Northwest Bancorporation, Minneapolis, Minn., announces that, as a result of the improvement in the farm real estate market and the demand for mortgage investments by corporate investors, its mortgage and realty management affiliate will reenter the farm loan field, starting with first mortgage loans on Minnesota owner-occupied farms. He adds, "The decision marks another step toward resumption of normal banking and financing operations"—after a long deference to government agencies.

RAILROADS are continuing to roll orders into car-makers' hands at a rate that is making steel, wheel, and accessory makers sit up and take notice. Recent orders placed include 800 all-steel box cars for the Erie, of which American Car & Foundry Co. will build 500, the Magor Car Corp. 200, and Greenville Steel Car Co. 100. Seaboard Air Line has ordered 100 all-steel 70-ton phosphate cars from the Pullman-Standard Car Mfg. Co., and the Chicago, Milwaukee, St. Paul & Pa-





● **CONSTANT** modernization of equipment is essential in this present age of business. No executive will argue the point. *But modern equipment is always out of date when it is not operated by up-to-date man power.* Modern machinery can be ruined by out-of-date men. Recognition of this fact is causing many great industrial concerns to inaugurate modernizing programs for their personnel, and 2450 of these have contracted the co-operation of the International Correspondence Schools in this important work. The service of this 45-year-old institution does not conflict with the purpose or procedure of any established educational system.

It provides specific training for the ambitious individual who is already engaged in the arduous routine of making a living for himself and family. This individual, desiring advancement in his present occupation and realizing he must deserve this advancement, makes an investment in himself of his own money and of his own time. Many companies regard material and moral encouragement of this individual initiative as an investment which will pay high dividends to them through modernized man power.

Write and ask for "The Business of Building Men." It will interest far-seeing executives.

**INTERNATIONAL CORRESPONDENCE SCHOOLS**



*"This elevator must have  
a flat wheel!"*

ELEVATOR passengers feel slow and jerky elevator motion and jiggly starts and stops. They feel the discomfort of crowded cars and long, nerve-upsetting waits at the landings. Poor elevator service just can't be hidden behind a coat of paint—unless passengers can be deprived of this sense of feel. The better plan is to modernize.

If you wish to "go easy" in order to accommodate your budget, modernize *one step at a time*. But (and this is important), put the vitally essential changes first on the list—the changes that will mean the most in better service. And then proceed step by step and pay for each step when it is completed. This will give you partial modernization at once and eventually complete modernization *without financial burden*.

We shall be glad to go over your elevators and lay out this plan in logical steps. This will *not* cost you a red cent, and it will give you a picture of your elevators as they are today and as they will be should you decide to modernize. Start the ball rolling by talking it over with the Otis representative.

**OTIS**  
**MODERNIZATION**  
PAYS DIVIDENDS

cific is going to build at its Milwaukee shops 1,000 automobile, 500 gondola, and 37 passenger and express cars.

MARSHALL FIELD is fomenting its own consumers' movement by issuing a series of booklets on how to buy intelligently. First ones off the press tell customers what to look for and guard against in purchasing shoes, furs, carpets, and rugs. From our point of view, it's the "How to Sell Intelligently" series.

NEW business and new research has just made possible the eighteenth major price reduction on electric light bulbs since 1921.

EXECUTIVES of the American Toy Fair, which was held in New York last week, report spring sales of games three times those of last year. Much of the gain is in adult items, a field the industry has long sought to develop. New offerings for grown folks are based on finance, politics, horse racing, etc. The craze for games like "Monopoly" has been an important factor in sales and design.

CUDAHY PACKING Co. joins the trek southward. It has just contracted to build a \$400,000 meat packing plant at East Albany, Ga. Armour spotted a packing plant at Tifton, Ga., last year. Just another case of moving production nearer to markets. Southern states are becoming more important as producers of livestock and their increasing prosperity makes broader markets.

TOM M. GIRDLER, chairman and president of Republic Steel Corp., contributes another thwack to the false dichotomy of the politicians. "The fundamental fallacy in these attacks on industry," he told the American Zinc Institute at its annual convention this week, "lies in the effort to make a distinction between industry on the one hand and the public on the other. A corporation does not live in a vacuum. It is an aggregation of human beings, of employees, investors, and management."

"EXCESSIVE entertainment is not good advertising," says the National Association of Purchasing Agents planning its May 25-28 New Orleans convention. "Our members do not approve it and rarely do selling organizations accomplish anything worth while by it." They ought to know.

HARRY E. WILKEN, Sr., father of the Wilken family and of the Wilken Family Whisky, is dead, but his spirit goes marching on. Schenley advertising, perhaps strengthened by the obituarial evidence that the folksy old gentleman had actually lived in the flesh and not in a copywriter's mind, will continue to feature "the boys."

EVEN steel rails are being modernized. Bethlehem Steel Corp. announces that a large part of its 1936 rail tonnage will be produced under a new patented



## YOU, TOO, CAN SAVE WITH THIS TRIPLE PROTECTED TRUCK TIRE

"Toughest job there is for tires!" That's what loggers will tell you about their operation. Trucks have to fight their way through cut-over-timberland, plow through sand and swamps in the south, find a foothold on icy hills in the north. Many a logging truck never sees a highway! All carry heavy, swaying loads that murder ordinary truck tires.

That's why dollar-minded loggers everywhere choose Goodrich Silvertowns. These tires are Triple Protected. They're made espe-

cially for the world's toughest hauling jobs. They ask no favors. Need no "second chances" to make good.

It's because Goodrich Truck Tires have a new invention built into the sidewall—a 3-way check against blow-outs and breaks. This protection actually checks 80% of premature failures! It makes tires wear longer. It cuts down on delays—saves on repair bills. No wonder loggers choose Goodrich.

Whether it's a load of logs—or pork—or paper—whether you travel country

roads or broad highways, the same Triple Protection that makes Goodrich Tires

stand up in the lumber industry will make them stand up longer for you.

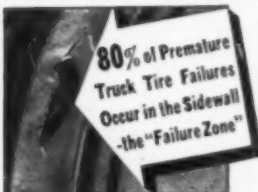
### HOW TRIPLE PROTECTION WORKS

**1 PLYFLEX**—distributes stresses throughout the tire—prevents ply separation—checks local weakness.

**2 PLY-LOCK**—protects the tire from breaks caused by short

plies tearing loose above the bead.

**3 100% FULL-FLOATING CORD**—eliminates cross cords from all plies—reduces heat in the tire 12%.



© 1936, The E. F. Goodrich Co., Akron, Ohio.

# Goodrich *Triple Protected* Silvertowns

SPECIFY THESE NEW SILVERTOWN TIRES FOR TRUCKS AND BUSES



## COST REDUCTION

AS  
HIGH  
AS

75%

It has been our privilege to work with the managing heads of many of America's largest industrial enterprises in the consideration of their costs and methods of handling materials.

In many cases our recommendations have influenced an entirely different system of internal handling and shipping of product. Economies have been effected in excess of the total investment with cost reductions reaching as high as 75%.

Our business is the design, construction and application of equipment for the economical handling of all types of materials.

We invite your inquiry.

TRADE **YALE** MARK

**THE YALE & TOWNE MFG. CO.**  
Philadelphia Division  
Philadelphia, Pa., U. S. A.

Electric Industrial  
Trucks  
Hand Lift Trucks  
Skid Platforms  
Hand and Electric  
Chain Hoists,  
Trolleys and Allied  
Equipment



process whereby, after being rolled, the hot rail is cooled under careful temperature control to prevent internal strains tending to cause breakages. Inland Steel Co. and Colorado Fuel & Iron Co. will also utilize the new process under license from Bethlehem.

"PUBLIC ignorance of the capitalistic system is today our greatest liability," Walter B. Weisenburger, executive vice-president of the National Association of Manufacturers, told members of the National Metal Trades Association the other day. That shrewd statement points to new business for public relations men.

A CHAIN-STORE directory giving names, headquarters addresses, number of stores and other data on 8,100 chain systems has just been compiled by the Brokers' Division of the National Association of Real Estate Boards through a committee headed by Robert B. Whitaker. Non-members of N.A.R.E.B. may buy copies at \$25 each. It's a big job.

VISITORS to Hawaii who have eaten poi at native feasts and returned to the mainland with a taste for the Islands' staple food, may soon be able to satisfy their craving at home. Engineers of the American Can Co. are installing machinery in a Honolulu packing plant for canning poi and other taro products. The venture is headed by Herbert M. Dowsett.

GEN. R. E. WOOD, president of Sears, Roebuck, re-words an old recipe for keeping down expenses. "When a little manager in Sweetwater or Hutchinson has 150 or 200 shares of Sears, Roebuck stock, he is very well tied into the company. Since he is dependent on the profits of the store, we don't have to watch him on expenses."

THE market research job you are planning to do or would like to do may have been done by somebody else. If so, you can probably find out through "Market Research Sources," that best seller of the U. S. Department of Commerce. The 1936 edition is now off the press and copies may be obtained by sending 25c. to the Superintendent of Documents, Washington, D. C.

THE CheckMaster idea for making small accounts profitable to banks (under it a depositor may open an account with a dollar by agreeing to pay a 5¢ charge for each item withdrawn or deposited) is going national. CheckMaster Plan, Inc., has opened New York offices to sell it all over the country. It boasts the addition of 21,000 depositors to National Safety Bank and Trust Co., of New York, in a tryout of less than a year.

AMONG the attractions of the Paris Trade Fair (May 16-June 2) will be 400,000 bottles of wine for free sampling. Cleveland and Dallas papers please copy.



Union Trust Building, Pittsburgh, Pa.

## UNION TRUST BUILDING CUTS HEATING EXPENSE

**Webster Heating Modernization Program Pays For Itself In Less Than Three Years**

Pittsburgh, Pa. — When the management of the Union Trust Building entered into a contract for a Webster Heating Modernization Program in August, 1932, Webster engineers conservatively estimated that the modernized system would save \$3,160 a year. The installation contained a total of 54,000 square feet of direct radiation.

In less than three years, the savings have been sufficient to more than repay the entire investment of \$9,090 as well as interest at six per cent. per annum on the investment. The following are the actual measured yearly savings:

1933.....	\$4,265.54
1934.....	4,323.83
*1935.....	3,752.79

\* Up to Dec. 1, 1935, this date marking the termination of period for recovery of initial investment, with interest.

This sharp reduction in heating expense followed conversion of a modern vacuum heating installation into a Webster Moderator System. Orifices were installed in branch mains and in all radiators to balance steam distribution.

Automatic "Control-by-the-Weather" was applied through an Outdoor Thermostat actuating a central throttling control valve. A manual Variator permits the operator to increase steam delivery for heating up, reduce steam supply in evening hours and make any adjustments for unusual weather conditions.

Installation of this equipment was made by McGinness, Smith & McGinness, Pittsburgh Modernization Heating Contractors. Webster engineers cooperated with the management of the Union Trust Building in working out proper operating schedules to assure maximum savings consistent with heating comfort.

By holding temperatures to the desired level of approximately 72 degrees indoors, the Webster Moderator System has checked window opening and increased tenant comfort. Since November, 1935, when the investment was completely liquidated, the Union Trust Building has continued to enjoy superior heating service at a permanently lowered cost.

If you are interested in heating new buildings, or in improved heating service and lower heating cost in your present building, address

WARREN WEBSTER & CO., Camden, N. J. Pioneers of the Vacuum System of Steam Heating Branches in 60 principal U. S. Cities — Estab. 1888

# Washington Bulletin

WASHINGTON (*Business Week Bureau*)—Though about 40% of Chamber of Commerce membership at annual convention was eager for anti-New Deal camp meeting with exhortations and fervent pleas for return to old-time religion (economic variety), wiser heads were at throttle. Possibility that Roosevelt will, after all, have four more years, that Tugwell and Senator Black and the Internal Revenueurs will stay in power as result of next November's election, dictated "soft answer turneth away wrath" motif.

Good strategy seemed to be against any move calculated to drive Roosevelt all the way left. Realization that there are more "have nots" than "haves" disinclined delegates to try uniting all "haves" against Roosevelt right under his nose, thus forcing him to go whole road to win "have nots."

## No Challenge for Uncle Dan

When Commerce Secretary Roper put forward Administration's "right" foot, no effort was made to take him at his word, and challenge Administration on spot to back him up. Business has long been listening to Uncle Dan—and watching left-wing actions follow right-wing words.

## Price Control Moves Up

Senate's surprise move in substituting Robinson price control bill for alien deportation measure on calendar has zoomed chances for some form of law this session. Real bill will be written in conference, contain parts of Robinson, Borah-Van Nuys, and Uterback versions. It may be milder than any of these but you never can tell.

## Tax Under the Tent

Tax situation prospects are not greatly changed. La Follette is strengthened in fight to boost personal taxes on incomes below \$50,000, but not enough to get anywhere. Senate will approve House change to protect corporations paying off debt, will probably retain present corporation income tax structure but get camel's head of undistributed earnings' tax under tent.

## Autre Temps, Autres Moeurs

Saving for a rainy day only makes it rain harder when it comes, David Cushman Coyle, author of tax bill, once told an audience. Old virtues pass under New Order.

## Safety in Numbers

Sen. Byrd's committee to recommend economies through simplification of governmental agencies will find itself stymied by excessive co-

## COUNTER-BARRAGE

*Roper's suggestion that industry make its own study of technological unemployment may be tip worth acting on as antidote for WPA's current investigation of problem. Despite assurances to contrary, industry can't be certain WPA's findings will not be used as basis for building up Administration's case for reviving NRA and not simply as new approach to the general relief problem.*

operation. House has authorized similar committee, to be named by Administration friend Byrnes. This, added to third body appointed by President, will enable Brain Trusters to snow under any too-pertinent suggestions. If you can't lick 'em, join 'em.

## Short Shrift

Recent bear raids in market will result in Securities Commission revamping margin requirements on short sales. Speculator now has to put up 55% to buy stocks, but need only put up 10% to sell them short. This 10% will be boosted sharply.

## Long Trail Turns

Louisiana will now welcome industry. Capital will be treated fairly, new governor says. Long machine—without Hamlet—is becoming almost capitalistic.

## No Holdups

Friends claim Overton flood control bill will prevent property-holders holding up government for exorbitant prices, hence save taxpayers something. Options on 75% of property needed will provide yardstick court must follow on 25% condemned.

## Cue from Brandeis

More fuel for New Deal fire is seen in little-noticed Supreme Court decision requiring courts to pass on factual evidence, as well as legal points, in disputed utility rate cases. Brandeis dissent points out such evidence

is highly technical, that case in question has been in courts 6½ years, that many such delays would render regulation a mockery. From such springboard, New Dealers with power-trust complex can go far, probably will.

## From Bad to Worse

Democratic bigwigs who happen to be A. T. & T. stockholders are sure White House will crack down on Communications Commission's fishing expedition into telephone affairs. Question: What will they do when someone tells them what intercompany dividend tax in House revenue bill will do to their company's net? And will White House be so compliant about cherished tax idea?

## New Political Map

More than meets eye lies under President's desire to abolish two-thirds rule in Democratic conventions—and submission of South to being deprived of its treasured veto power. Answer: South is no longer minority section needing veto, is now leagued with West on receiving end from Washington. Heavily-taxed Northeast is minority section today.

## Back in Pre-War Standard

Meaning of phrase "bottled in bond" is to be restored to American drinkers. Federal Alcohol Administration intends to stick to new ruling that words can only be used on liquors complying with pre-prohibition requirements. Which will deprive some Canadian distillers of talking point about the superior standards of their wet goods.

## Ickes vs. San Francisco

Irresistible force has at last met immovable body. San Francisco must go into power business willy-nilly. Famed Hetch Hetchy water supply was built on federal property with stipulation that byproduct power must never be sold to private utility. But for 12 years it has been sold, on "temporary" basis, while voters recurrently turned down bonds for city transmission lines. Now Ickes has cracked down; tells city it must stop violating law; refuses to approve compromise which still involves power transfer to Pacific Gas & Electric.

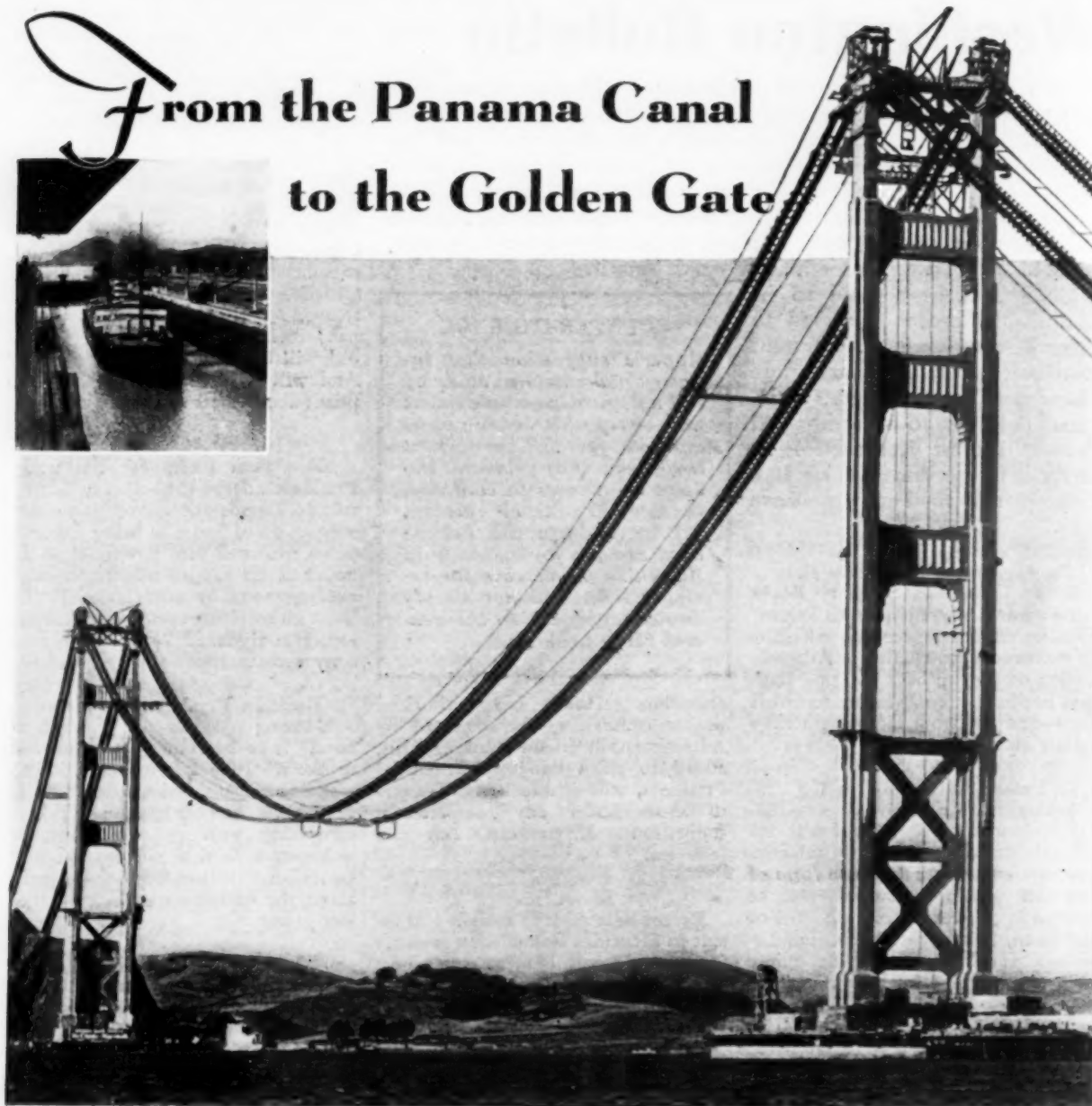
## Veteran Farmers

Farm Credit Administration is all worried over city-bred soldiers buying farms with bonus money. Would like to restrict such purchases to men with agricultural training. So they would not raise crops more efficiently?

## Borah From Within

Borah continues to get popular votes, but no delegates. It seems reminiscent of something or other.

# From the Panama Canal to the Golden Gate



FROM the building of the Panama Canal to the construction of the Golden Gate Bridge, from 1904 to 1936, stretches a history in which Bethlehem Steel Company has played a major part.

Since the early days of modern steel construction, Bethlehem has been a growing factor in this field. Combining the facilities of McClintic-Marshall, formerly a Bethlehem subsidiary, with other Bethlehem facilities, this company has become the

largest steel construction organization in the world.

Our engineering force includes men who built the steelwork in the Panama Canal locks. We are the fabricators and erectors of the steelwork for the Golden Gate Bridge and of the piers at New York for the new super-liners.

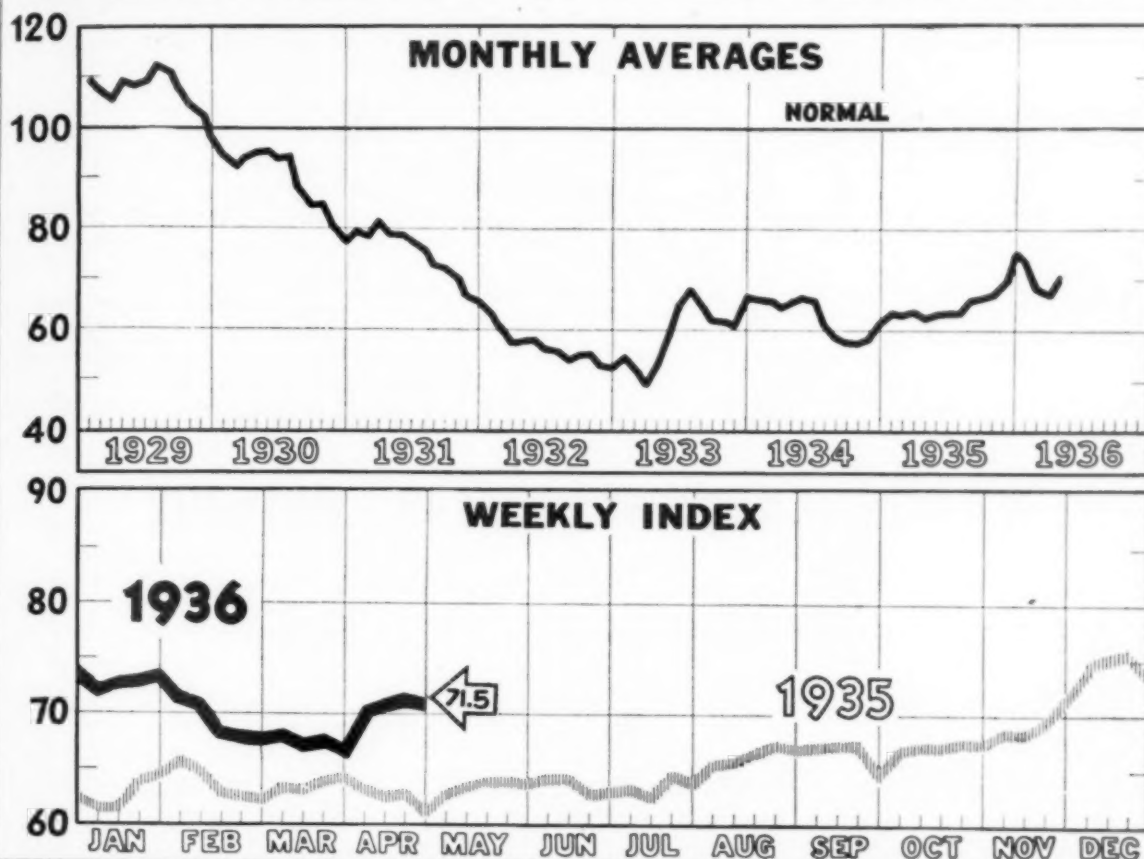
Wherever steel is used in construction — bridges, buildings, tanks, docks, factories — Bethlehem has a record of wide experience.

## BETHLEHEM STEEL COMPANY





# BUSINESS WEEK'S INDEX OF BUSINESS ACTIVITY



## BUSINESS WEEK INDEX

### PRODUCTION

	Latest Week	Preceding Week	Month Ago	Year Ago	Average 1931-35
★ Steel Ingot Operation (% of capacity)	71.2	70.4	62.6	43.1	38.4
★ Building Contracts (F. W. Dodge, daily average in thousands, 4-wk. basis)	\$1,133	\$1,223	\$7,318	\$4,826	\$6,104
★ Bituminous Coal (daily average, 1,000 tons)	1,933	1,915	939	989	931
★ Electric Power (million kw.-hr.)	1,933	1,915	1,867	1,673	1,584

### TRADE

Total Carloadings (daily average, 1,000 cars)	107	104	94	102	101
★ Miscellaneous and L.C.L. Carloadings (daily average, 1,000 cars)	74	71	66	68	70
★ Check payments (outside N. Y. City, millions)	\$4,038	\$3,895	\$3,618	\$3,377	\$3,395
★ Money in Circulation (daily average, millions)	\$5,874	\$5,895	\$5,851	\$5,480	\$5,342

### PRICES (Average for the Week)

Wheat (No. 2, hard winter, Kansas City, bu.)	\$1.06	\$1.04	\$1.02	\$1.05	\$0.73
Cotton (middling, New York, lb.)	11.76¢	11.78¢	11.64¢	12.18¢	9.38¢
Iron and Steel (Steel composite, ton)	\$33.08	\$33.09	\$33.13	\$32.30	\$30.80
Copper (electrolytic, Connecticut Valley basis, lb.)	9.500¢	9.500¢	9.250¢	9.000¢	7.790¢
All Commodities (Fisher's Index, 1926 = 100)	82.5	82.6	82.6	81.8	69.6

### FINANCE

Total Federal Reserve Credit Outstanding (daily average, millions)	\$2,478	\$2,482	\$2,492	\$2,470	\$2,024
Total Loans and Investments, Fed. Res. rep't'g member banks (millions)	\$21,783	\$21,796	\$21,611	\$19,883	\$19,401
★ Commercial Loans, Federal Reserve reporting member banks (millions)	\$5,060	\$5,076	\$4,994	\$4,923	\$5,912
Security Loans, Federal Reserve reporting member banks (millions)	\$3,272	\$3,294	\$3,210	\$3,173	\$4,571
Brokers' Loans, Federal Reserve reporting member banks (millions)	\$1,223	\$1,242	\$1,123	\$1,024	\$1,063
Stock Prices (average 100 stocks, Herald-Tribune)	\$114.60	\$117.84	\$118.26	\$98.62	\$99.50
Bond Prices (Dow, Jones, average 40 bonds)	\$101.31	\$101.02	\$101.84	\$95.19	\$97.22
Interest Rates—Call Loans (daily av'ge, renewal) N. Y. Stock Exchange	4%	4%	4%	4%	1.3%
Interest Rates—Prime Commercial Paper (4-6 months) N. Y. City	4%	4%	4%	4%	2.0%
Business Failures (Dun and Bradstreet, number)	193	174	194	249	447

★ Factor in Business Week Index \*Preliminary †Revised.

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Business Week

# Childs

"THE NATION'S HOST"

## KEEPS TABS ON 91 RESTAURANTS WITH POWERS PUNCHED CARD METHODS



● Serving more than 30 million meals a year, famous CHILDS gives ample proof that "The Nation's Host" is no idle phrase. Setting up and maintaining accurate Home Office control over the daily purchases, sales and operating results of 91 Childs Restaurants represents a tremendous accounting problem.

One important requirement for machine bookkeeping methods is to allow the flow of posting material for the current month closing and the beginning of the next month posting, to pass through daily and be posted to date. Powers machines do just this.

Powers also produces the stores' monthly operating statements, monthly comparative sales statements; it analyzes their accounts payable and prepares remittance statements for 2500 vendor accounts.

It also prepares the accounting records for the Social Security Taxes. All this is done with greater speed, accuracy and economy than any other system they have investigated.

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ducing higher net profits and lower operating costs for your company. That's why Remington Rand makes this suggestion: See Powers machines in actual operation. See for yourself that Powers methods do not necessarily mean radical changes in present accounting routine . . . that they need not upset the routine of any department. At the same time, they often bring important savings which have been overlooked for years.

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**POWERS**  
**Accounting Machines**

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*Ok.. it's from Remington Rand*

# The Business Outlook

THAT break in the stock market this week is certainly not due to poor trade records or to any unfavorable comments of executives accompanying the quarterly reports they are now making. Steel, electric power, and automobile production went up this week; so did car-loadings, check payments, and construction.

Moreover, the quarterly reports have been excellent. U. S. Steel did surprisingly well; despite poor weather and price cuts, it showed the best results for the quarter since 1931. General Motors went a step further by announcing the best returns for any first quarter since 1929, and Chrysler broke all its first-quarter records and nearly set a new record for any quarter.

## Good Quarter Expected

The second quarter should prove even better than the first in steel and automobiles, though no one should be surprised if the quarter ends with the usual seasonal tapering. At 71.2% of capacity, the steel industry has exceeded all expectations for a spring peak; but like the stock market, it may be ready to curtail a bit shortly.

## Big Detroit Assemblies

Automobile assemblies, too, are not likely to rise much above the current level of 120,000 cars a week, but if sales continue to spring new surprises, the assemblies may be kept at peak marks for several weeks longer than usual. Packard's first-quarter shipments jumped 400% above those a year ago, and April broke all records. General Motors recently announced a 2,000,000-car year for its domestic and foreign plants, indicating confidence for the rest of 1936.

## Higher Tire Prices?

The tire industry, whose spring season has been curtailed by weather and the recent Goodyear strike, is looking for some way of making more money. The recent lifting of tire prices in one town by the local store of a mail-order house has aroused a glimmer of hope that the industry as a whole may be able to raise prices.

## The Rubber Situation

Rubber prices have advanced sharply in the past year, and tire stocks are in good shape. The raising of rubber export quotas this week from 60% to 65% of the cartel base may put a ceiling on price increases for a while anyway. Moreover, a trade conference to eliminate unfair trade practices is scheduled for June. This may help.

## Up Goes Housing

Residential construction is being keenly watched this year, and so far

## STEEL TABLES TURNED

*Tables have been turned in the steel industry this year. Companies classed as "heavy" steel producers—U. S. Steel, Bethlehem, and Youngstown—are bringing out better earnings reports for the first quarter than the "light" steel producers, such as Inland and Republic. Railroads and construction industries have given a lot of business to the heavies this spring; and Detroit has bought less light products and forced their prices down.*

the returns have been fully up to expectations. In March, the latest month for which records are available for all cities of 10,000 or more population, there were almost as many new family dwelling units authorized as there were in the entire first quarter of 1935. In three months, 24,387 units got building permits, against 11,940 in 1935.

## California Shines

Seventy-two cities reported new residential building of \$100,000 or more in March, and 17 of these are in California. Three cities started on building programs worth more than \$2,000,000—namely, New York, Detroit, and Los Angeles. Philadelphia ran fourth, with more than \$1,000,000.

## Still Better Ahead

The coming months will show further improvement along these lines, as is shown by the weekly reports on mortgages chosen for appraisal by the Federal Housing Administration. New highs in both number and dollar volume have been recorded in three successive weeks in April.

## New Sales Statistics

The Department of Commerce has been bursting forth with a raft of new statistics on business this year. Last week we called attention to the new series on air-conditioning; this week the department started to issue a new series on sales and collections

of both manufacturers and wholesalers in a number of industries. While the samples are still small, the interest in them was so great that the department released the figures ahead of the time planned.

## 13% Increase

For 582 manufacturers, these figures show March sales of \$153,547,000, a 13% increase over last year. The biggest gains were in iron and steel, which ran 27% ahead of last year, followed by men's clothing with 24%. The 1,045 wholesalers reported March sales of \$121,266,000, which is 12% ahead of last year. Lumber and building material companies are out in front, with gains of 50%; then comes machinery, with 38%, and electrical goods, with 36%.

## Weather and Retailers

Retail trade since Easter hasn't had the same spirit it had in early April, chiefly because the weather has been unfavorable for the movement of spring goods. Yet Sears, Roebuck reported the four weeks ending April 23 as a record-breaker for the period, and others report a movement of better quality goods. Furniture sales at wholesale are running 20% ahead of last year, and they are particularly strong on the Pacific Coast, which has a lot of residential building.

## Rush for Cotton

The news that some cotton textile mills had actually started to curtail their production brought a bulge of buying in the gray and print goods market. The sales in recent months have averaged less than 75% of production. Stocks were increasing, and prices had dropped to the lowest level since May, 1935. They may be stabilized at a higher level if the mills keep their production down.

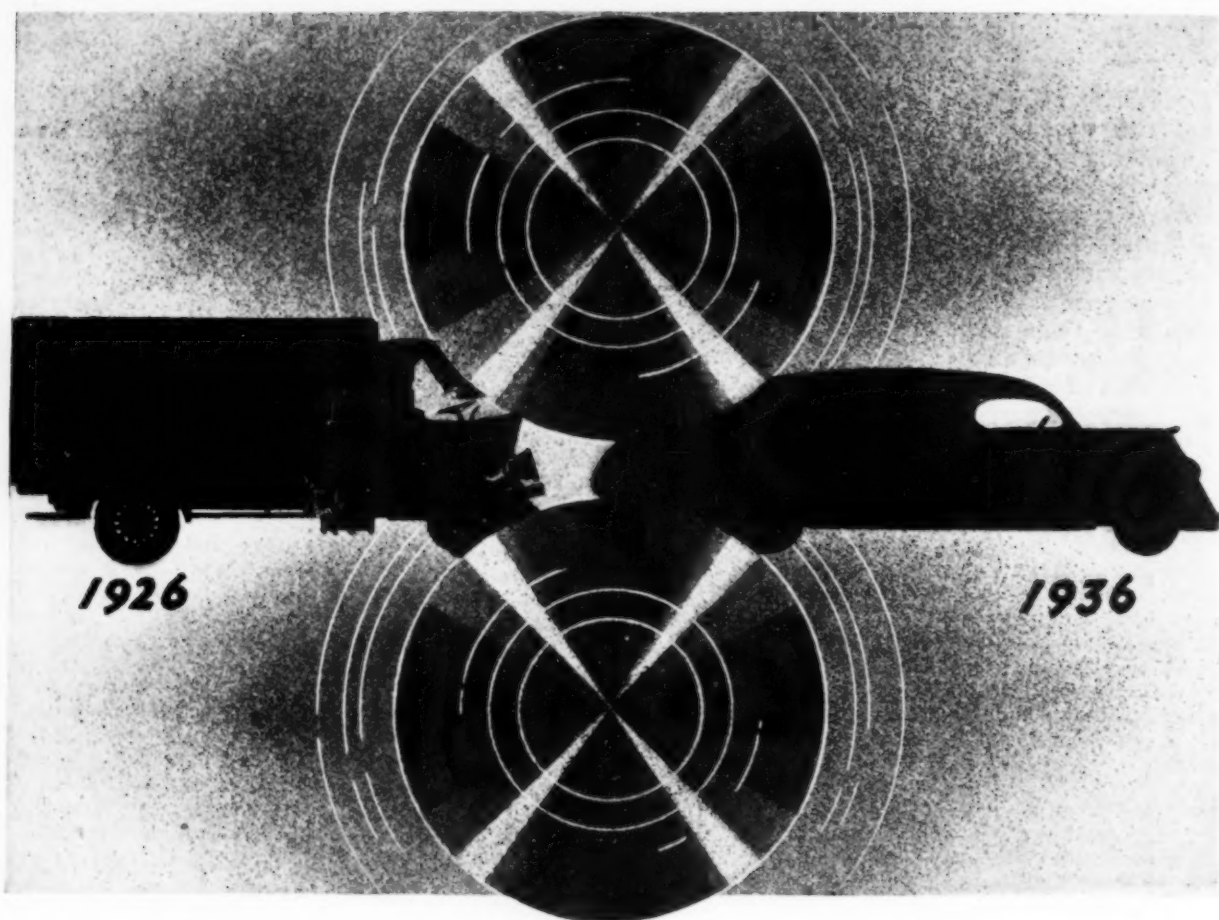
## 7% More for Farmers

Resumption of benefit payments in March brought farm income to \$528,000,000 compared with \$479,000,000 a year ago. The first-quarter benefits were only \$16,000,000 this year, against \$172,000,000 last year; but with sales of crops thrown in, farmers had 7% more cash in their pockets this year than last.

## Freer Farm Spending

They've been spending it freely for farm implements, tractors, wire products, and mail-order goods. Their second-quarter income may not go as high above 1935 as the first quarter did, because, although they are selling more crops than they sold in the second quarter last year, the prices are lower. The increased sales are largely due to the fatter pay envelopes of industrial workers.





## *Squeeze the Deadweight* *from machinery of every kind*

Compare this year's truck with its predecessor of ten years ago. Its weight, price and cost of operation have been radically reduced, with no impairment of safety. In fact it is more dependable, more enduring than ever before. Among the materials that have played an important role in this striking transformation are the Nickel Alloy Steels. Through a partnership with Nickel, the simple steels of yesterday have been rendered tougher and stronger—more highly resistant to shock, stress, fatigue, abrasion and wear. Their greater strength-to-weight ratio offers every manufacturer the opportunity to cut down power consumption and replacement costs. Our experience in the application of Nickel to industrial problems is at your disposal. Send for List "A" of available publications on Nickel and its alloys.

# *Nickel Alloy Steels*

**THE INTERNATIONAL NICKEL COMPANY, INC., NEW YORK, N. Y.**

MAY 2, 1936

## Heavy Industries Are Buying

**Business Week** survey shows they are spending larger sums to revamp their capital equipment. 236 leading companies reveal their figures.

If the heavy industries have formed the main barrier to complete recovery, that barrier is now well on its way to disappear, because industries are doing a lot of buying to modernize and expand their plant and equipment.

Last year they began revamping their capital equipment so as to get in better shape to withstand competition. This year they are putting more steam into the same effort.

To learn what modernization work leading companies are doing this year, *Business Week* asked about 550 of them what they had spent in 1934 and 1935 to expand and improve their plant and equipment, and what they expected to spend in 1936 for this purpose.

### Good Response

Considering the mass of questionnaires descending on corporations these days, the response was most generous, exceeding all expectations. 236 companies reported capital expenditures in 1934 of \$611,995,521, and in 1935 of \$791,855,992.

A smaller but still substantial number of companies—169—supplied similar figures for projected 1936 expenditures. These are compared in the accompanying table with their expenditures last year. The 169 companies spent \$520,022,374 for modernization and expansion last year; this year they expect to spend \$630,308,084.

If the same percentage increase between 1935 and 1936 were applied to the 236 companies, it would give prospective expenditures this year of close to \$960,000,000. This probably understates the case, because some of the bigger companies have not given their 1936 figures.

### Rails, Utilities Added

*Business Week* has rounded out its own survey by adding in the table similar figures for Class I railroads and the electric power and light industries, bringing the total expenditures for both 1935 and 1936 well above the billion-dollar mark.

In a second tabulation, *Business Week* on page 14 lists 33 companies that have made a definite beginning on their 1936 programs, the nature of each project, where it is located, and the

value of the contract let. Since the first of the year, these 33 companies have awarded contracts for more than \$84,000,000.

A revival of the heavy industries is also proved by the increased amount of construction. Last year, commercial buildings worth \$108,817,000 and industrial buildings worth \$172,467,000 were put under way—a gain of 35% and 64% respectively over 1934. This year, commercial building is up 74% over the same weeks of 1935, and industrial building is up 105%.

What has caused this upsurge of in-

dustrial buying? Primarily, the motive is to reduce the unit costs of production. There is also a desire to produce a better product or a new one, or to produce an old one by a new process.

A number of companies explain their programs by saying they are confident that the day of increased buying is at hand. Companies whose fortunes are linked with increased residential construction, such as Ruberoid and Johns-Manville, offer this explanation.

### Chemicals Build in South

The chemical companies, many of which have been moving to the South and putting up large plants there, are attracted by the savings made possible through the proximity of raw materials or of consuming industries, particularly textiles.

Steel plants have been adding new

## What Industry Is Spending For Modernization and Expansion

Industry	No. of Companies	In thousands		No. of Companies	In thousands	
		1934	1935		1935	1936
Automobiles .....	8	\$52,413	\$89,904	6	\$27,356	\$11,373
Automotive Accessories, Tires	13	11,088	13,469	10	12,620	12,990
Chemicals .....	11	56,994	51,919	4	26,932	33,132
Construction Materials .....	13	6,118	13,821	10	2,910	3,266
Food .....	22	27,338	31,177	16	26,361	27,290
Household Equipment .....	13	1,846	5,000	11	4,983	5,182
Machinery, Electrical Equip.	31	19,599	27,684	26	15,504	21,682
Merchandising .....	22	17,653	21,713	18	19,573	22,136
Mining—Coal .....	8	2,681	4,406	2	577	1,825
Mining—Non-ferrous & Metal Products .....	12	12,260	17,702	6	11,036	12,729
Miscellaneous .....	25	15,740	17,795	19	15,715	24,029
Oils .....	11	146,121	171,772	5	75,856	83,966
Paper & Paper Products .....	6	4,686	3,850	5	3,670	3,615
Railway Equipment .....	6	7,874	14,144	4	828	670
Steel & Iron .....	12	35,166	101,197	9	81,547	135,413
Textiles .....	16	8,536	6,773	13	3,618	3,074
Traction, Communication .....	7	185,903	199,529	5	190,957	227,937
<b>Total Industrial .....</b>	<b>236</b>	<b>\$611,996</b>	<b>\$791,856</b>	<b>169</b>	<b>\$520,022</b>	<b>\$630,308</b>
Railroads* .....	149	212,712	188,302	149	188,302	177,093
Utilities: Power & Light† .....	3400	170,000	237,463	3400	237,463	371,588
<b>GRAND TOTAL .....</b>	<b>3785</b>	<b>\$994,708</b>	<b>\$1,217,621</b>	<b>3718</b>	<b>\$945,787</b>	<b>\$1,178,989</b>

\*Association of American Railroads

†Electrical World

**INDUSTRIAL BUYING REVIVAL**—This record of past and future buying by industry is compiled from replies to *Business Week's* questionnaire on gross capital expenditures for plant and equipment additions and improvements for 1934, 1935, and projected totals for 1936. Not all companies were able to report their 1936 modernization budgets, but 169 companies of the total of 236 did disclose the estimated size of this year's program. For comparative purposes, 1935 expenditures of these same companies are listed. This list of industrial concerns is not a complete record of industries listed, as are railroad and public utility totals compiled from other sources, but is indicative of industrial buying.

## Some of This Year's Projects

Company	Project	Locality	Amount
Atlantic Refining Co.	Polymerization Unit	Beaumont, Texas	\$1,500,000
Bunge Elevator Co.	Grain Elevator	Minneapolis, Minn.	400,000
Cepro, Inc.	Grain Elevator	Shakopee, Minn.	700,000
Champion Paper Co.	Paper Plant	Houston, Texas	3,000,000
Chemical Lime Co.	Lime Kiln	Bellefonte, Pa.	500,000
Columbia Gas & Electric Co.	230 Mi. Pipe Line	Indiana to Mich.	3,500,000
Crossett Lumber Co.	Paper Mill	Crossett, Ark.	4,000,000
Crown Cork & Seal Co.	Plant	Philadelphia, Pa.	500,000
Ford Motor Co.	Exhibition Building	Dallas, Texas	1,000,000
	Gas Holder	River Rouge, Mich.	1,000,000
General Dyestuffs Corp.	Factory	New York City	1,500,000
General Motors	Assembly Plant	Southgate, Calif.	2,500,000
	Stamping Plant	Grand Rapids, Mich.	7,000,000
Hammermill Paper Co.	Power Plant Addition	Erie, Pa.	500,000
Jones & Laughlin	Sheet & Strip Mill	Pittsburgh, Pa.	23,500,000
S. H. Kress	Store	Atlanta, Ga.	600,000
Ludlow Sales Corp.	Factory	Edge Moor, Del.	1,500,000
Mesta Machine Co.	Plant	Homestead, Pa.	750,000
Montgomery Ward	9-Story Addition	Portland, Ore.	750,000
Nebraska Cons. Mills	Grain Elevator	Denver, Colorado	350,000
	Express Service Bldg.		
New York Central R.R.	and Power Plant	Syracuse, N. Y.	\$81,000
	Rails, Track Fastenings	New York, N. Y.	3,100,000
Niagara Hudson Power Co.	2,000 Mi. Rural Distribution Lines	Buffalo, N. Y.	2,500,000
Norfolk & Western R.R.	Storage Yard, Trackage	Roanoke, Virginia	5,000,000
Northern Natural Gas Co.	Natural Gas Mains—100 Mi.	Omaha, Neb.	1,000,000
Northern States Power Co.	Substations, Generating Plants, Transmission Lines	Minn. & No. Dak.	3,365,000
Public Service Gas & Elec.	Distribution Improvements	Newark, N. J.	2,000,000
Pure Oil Co.	Refining	Toledo, Ohio	750,000
	Pipe Mill	Youngstown, Ohio	500,000
Republic Steel	Wire Mill	So. Chicago, Ill.	1,000,000
	Blast Furnace	Cleveland, Ohio	1,300,000
Sherwin Williams Co.	Factory	Chicago, Ill.	500,000
So. Calif. Edison Co.	Distrib. & Transmission Lines	Los Angeles, Cal.	2,350,000
Spreckels Sugar Co.	Refinery Plant	Woodland, Cal.	1,500,000
Union Pacific Coal Co.	Power Plant	Rock Springs, Wyo.	500,000
U. S. Pipe & Foundry	Power Improvement	Chattanooga, Tenn.	600,000
Utah Power & Light	Steam Power Plant	Provo, Utah	1,600,000
Viscose Co.	Factory	Meadville, Pa.	1,000,000
33 Companies.			\$85,196,000

**WHO, WHAT, WHERE, HOW MUCH?**—Here are 33 companies which have embarked on construction programs since the first of the year, together with a brief account of their projects, where located, and how much expense is involved. Companies selling materials for such programs or providing transportation for materials, please note. (Data from *Engineering News-Record*.)

finishing capacity; and the reason is the growing importance of the automobile industry and of other consumer industries which buy the lighter steel products.

The power and light industry, whose volume has exceeded that of 1929 under the combined pressure of increasing domestic and industrial demand, is planning to spend \$118,461,000 for generation purposes, and \$232,047,000 for transmission and distribution. It is expected that 31,664 miles of rural lines, serving 92,694 farms, will be built. Very, very little of this will be paid for by the government.

The absence of the railroads from steel and equipment markets has been a serious handicap to recovery; but now the railroads are buying new freight cars, streamlined trains, and air-condi-

tioning. The Burlington, for example, has bought \$5,000,000 worth of Zephyrs, and Pullman has spent \$21,500,000 in three years to air-condition its cars.

## Lewis Wins in Autos

**Union elects slate pledged to his ideas. Steel industry is his next battlefield.**

JOHN L. LEWIS and his Committee for Industrial Organization chalked up another gain this week by sweeping all before them at the United Automobile Workers election. Their entire slate of officers, openly pledged to work against the American Federation of Labor's craft union concepts, was elected.

Homer Martin is the new president. The executive council of the A. F. of L. could hardly have suffered a more complete rebuff than was handed out by the automobile workers. Last fall, when a provisional charter was issued to the union, Pres. William Green and the A. F. of L. sachs appointed temporary officers and set a probationary period of one year. But the rank and file of the union automobile workers (they are only 10% organized) have kicked over the traces and are going their own way—which probably will be the same way the Lewis bloc is going.

Thus another industry will soon know what it is to have the C.I.O. actively lining up workers in a single-industry, vertical organization. Goodyear's strike gained prestige for the Lewis committee in the rubber industry, and now the committee will lend its help in organizing the automobile builders.

On the labor front, all this means that steel is the next big industry in which Lewis will attempt industrial unionization, no matter how bitterly the old-guard A. F. of L. leaders fight this move. But the steel manufacturers are determined to resist unionization of any kind.

## Balk at Questions

**Business census is hampered by hostility of persons and firms questioned.**

WASHINGTON (*Business Week Bureau*)—Hampered by a flood of federal, state, and collegiate surveys and questionnaires, which have roused the dander of the American business man, the Census Bureau is finding the gathering of data for the business census a tough job to handle. This census applies to practically all business except manufactures.

The difficulty has its roots in the arrangement with Harry Hopkins' Works Progress Administration, whereby the bureau was forced to employ 90% of its enumerators from the relief rolls. It meant the bureau has had no real control of its own employees, who were chosen and paid by an entirely different set of governmental executives.

At once the workers found business men on the defensive, if not actively hostile. They had answered so many questionnaires and personal inquiries that they were fed up.

When this condition began to make itself apparent in Washington a good many people turned their attention to it, in an effort to see what could be done. It was suggested that the Central Statistical Board be empowered to limit the number of inquiries the government should turn loose on the public. But apparently neither this nor any other important remedial step is to be taken soon.



# U. S. Chamber Plans Job Survey

**Its convention tempers last year's belligerence, talks of a proper alliance with the Administration but underlines the word "proper."**

WASHINGTON (*Business Week Bureau*) —In its annual convention this week, the Chamber of Commerce of the United States alternated criticism of the Administration, particularly of its tax policies, with expressions showing receptiveness to moves toward conciliation. Harper Sibley, its president, who was elected a year ago on a "no quarter" platform, made a moderate speech, proposing a "proper alliance" between government and business to put down destructive and unwholesome practices, as an alternative to fighting it out on the issue of economic freedom versus government control of all business, good and bad alike.

Although lack of confidence engendered by the Administration's conduct was still a familiar refrain, the Chamber shied off from an anti approach in the consideration of future policies. Commerce Secretary Roper, back after three years' absence from the Chamber's platform, reciprocated by asserting that prompt action by business to maintain proper wages and hours will take bureaucracy out of government.

## Speaking for Roosevelt?

Inevitable, of course, was the question whether Roper's viewpoint is personal or whether he was presenting the belief of the Administration that the responsibilities assumed during the emergency do not properly belong to the federal government but should be turned back to business. Sec. Roper disagreed with his chief by advocating that each industry study how to improve productive operations in order to lower

prices and increase consumption and employment.

The doctrine offered by the President in his New York speech a few days earlier was that reducing the cost of manufacture does not mean more purchasing power and more goods consumed. It was the President's view that the 1929-33 period showed that consumption actually declines with a declining price level.

Such evidence of disagreement in the Administration's economic strategy puts amusing emphasis on the declaration of Lewis H. Brown, president of Johns-Manville, in his forceful presentation of industry's case, that when repeated passes and end-runs have failed, it's about time to try driving straight through the line.

## Main Problem—Reemployment

The Chamber meeting didn't blink the fact that reemployment is the dominant problem but individually the delegates were skeptical concerning what could be done about it in view of the attitude of labor. They were grave in reciting their experiences in taking on new hands.

"The government owes me a living."

"I didn't have to work this hard on WPA."

Consequently there was cordial approval of Mr. Brown's suggestion that relief be administered locally by non-partisan committees of neighbors.

The Administration's refusal to take a count of the unemployed was mentioned with pointed regret. Sec. Roper promised that such a census would be

taken eventually, when surrounding factors have been "looked into." Whether or not such a census is important, Mr. Roper's lame explanation of why it should not be taken now cast a shadow on the Administration's sincerity in dealing with the unemployment problem.

## Survey of Labor Needs

Much more forthright was the action of the Chamber's board of directors in authorizing a survey of industry's capacity to absorb more labor. Proposed by John W. O'Leary, president of the Machinery & Allied Products Institute, who is a militant anti-Administration leader, the inspiration for the survey may lie in the foregone conclusion that industry cannot employ more workers when there is no more work to be done; and that it has no reserve out of which to pay wages other than sales to customers, thus turning back the President's demand for increasing payrolls with a counter-demand that the Administration adopt policies that will stimulate business by restoring confidence in the government.

Regardless of the Administration's attitude, however, business is on the spot. It has an unpaid bill of \$1,500,000,000 for relief in its pocket and the certainty of another. The amount of the latter will depend, however, on the extent that men can be transferred from relief rolls to payrolls by next spring. Hence Roper's 10 points on what business can do, although offset by equally forcible specifications of what the Administration can do, are very pertinent.

A survey by business of its own employment needs, suggested by Roper, was anticipated by the Chamber, and the American Federation of Labor will probably be invited to cooperate.

His other proposals are that business—

Pass on to the consumer the benefits



*International*

**CHAMBER KEYNOTES**—Thomas J. Watson of International Business Machines and chairman of the American Committee of the International Chamber (left), spoke temperately for fair play in criticism of Administration policies. Lewis H. Brown



*Business Week*

of Johns-Manville (center) presented convincingly the case for private enterprise in recovery leadership. Harper Sibley, president of the Chamber (right) asked earnestly for constructive government cooperation with business.



*Harris & Ewing*

of lower costs resulting from improvements in production processes.

Form committees for a comprehensive study of technological unemployment and methods for speeding up transfers of replaced workers to other fields.

Stimulate the durable goods industries by replacing obsolescent and depreciated machinery.

Develop a home-building program, privately financed and adapted to local needs.

Make an aggressive bid for more foreign trade all along the line.

Undertake research to devise a plan of long-term useful public works.

Study how proper relationships should be maintained in individual industries between production and the wages and hours of labor.

Encourage the states and communities to reassume their social responsibilities as soon as possible.

Use every possible channel of approach for effective cooperation between business and government. The last seems to be a tip to "work through Roper"; and Mr. Roper, indeed, did advance in the opinion of many of his listeners. He was equal to the occasion and there would have been no sympathy for him if he had botched the job.

### Need New Techniques

The keynote of the round-table session on increasing employment confirmed Mr. Roper's view that the most effective approach is through increasing consumption, which, in turn, can be accomplished by developing new techniques and products, by increasing sales efforts, and by lowering prices. False trails to be avoided were defined as limiting hours and hindering the use of labor-saving equipment.

Legislative strictures, present and proposed, on distribution were condemned as an ultimate injury to independent distributors. What they would save through the Patman-Robinson bill, estimated at 1¢ per dollar of retail sales, is negligible, according to Carl W. Dipman, editor of *Progressive Grocer*, as compared to the nickel to be gotten out of good merchandising practices.

A serious handicap on the free flow of trade was pointed to by Thomas H. MacDonald, chief of the United States Bureau of Public Roads, who predicted that, unless the diversion of state gasoline and motor vehicle taxes is stopped, the states' highway construction program will fall off 50% by next year.

### Watson for Moderation

Thomas J. Watson, president of the International Business Machines Co., and chairman of the American Committee of the International Chamber of Commerce, united with Mr. Sibley to give the meeting a milder tone, as an antidote to drastic attacks on the Ad-

ministration. An unbiased view of past Administrations, asserted Mr. Watson, shows that not one of them ever contributed 100% to any program of na-

tional welfare, but that, on the other hand, every Administration—including the one now in office—has contributed a great deal.

## Senate Will Modify Tax Bill

**But will retain essential point—the attack on thrift. Pressure from small corporations may force other changes against Roosevelt's wishes.**

WASHINGTON (*Business Week Bureau*)

—While the Senate will rewrite the tax bill just passed by the House, the prospects are that its essentials will not be destroyed. Just modified. The fundamental thing, the start on the road to transform thrift and saving for a rainy day from economic virtues to economic vices, will be preserved.

The theory of the bill's main author, David Cushman Coyle, is that saving for a rainy day just makes it rain harder. Not that the senators really have swallowed this new economic theory, any more than the huge majority which pushed the bill through the House has swallowed it. But orders is orders when they come from 1600 Pennsylvania Avenue these days.

Incidentally, pressure from the little and the less successful corporations is mounting rapidly, and may easily make more of a modification of the bill in the Senate than the President expected. This pressure was demonstrated by the yielding of the House Ways and Means Committee on the matter of corporations heavily in debt and trying to pay it off. Under the present draft, taxes on the net earnings of such corporations (leaving out very small ones) will be just what they are today—15%. The committee had figured 22½%. And even that was a departure from the Roosevelt

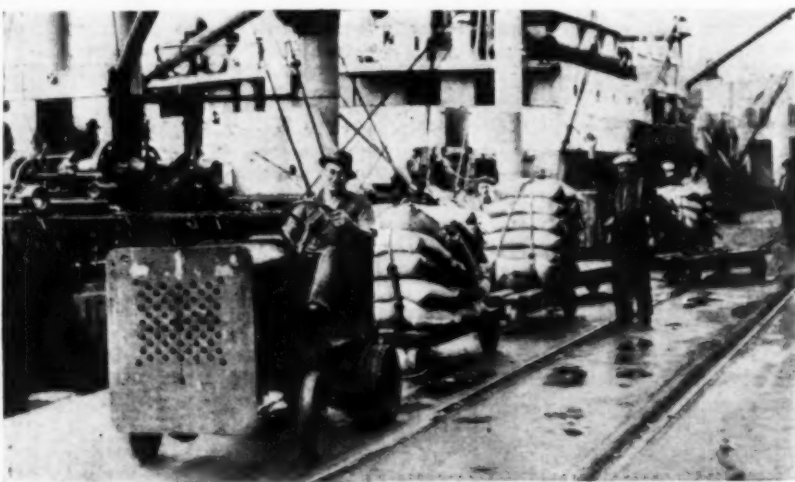
idea, as *Business Week* has pointed out.

There will be a heavy drive by business representatives before the Senate Finance Committee against the double and triple tax involved in many instances in the tax on dividends received.

The President is very keen for the Senate to retain this tax. To eliminate it would be to wreck the revenue-producing qualities of the bill. It would make the expected returns so small that retention in part of the existing corporation income taxes would be almost inescapable. And as a matter of fact such retention is still the best guess on Senate prospects.

Sen. La Follette's fight to increase income taxes on incomes below \$50,000 a year, very distasteful to the President, will flop again this year as it did last. But there will be more talk about it and this will tend to convince the country that taxing the little fellows directly is the certain next step—to come soon after election.

For the big outstanding fact is that this new tax bill is only a start on the taxes that *must* come. That even if it raises all the money Administration spokesmen on Capitol Hill claim—which it will *not*—the government will still be going into debt at the rate of about three billion dollars a year.



**MOVING AGAIN**—The waterfront "showdown" between San Francisco shipping employees and employers turned out to be a showdown right enough, but with Judge Max C. Sloss dealing the cards. Federal arbitrator under the 1934 agreement, Judge Sloss got both sides to agree to let him settle disputes, and exacted promises of cooperation which lead to hopes that peace on the docks may have come to stay.

# MAKERS OF MOBIL OIL SALUTE QUEEN MARY ON SEA TRIALS

200,000 H. P. ENGINES, SOCONY-VACUUM LUBRICATED, PASS FIRST IRISH SEA TRIALS



**TIMELY TOPIC**—Socony-Vacuum Oil Co. is one of the enterprising American firms (listed *BW*—Mar 28 '36, p. 37) which are tying advertising campaigns to the news about the use of their products in the *Queen Mary*. Socony-Vacuum went a step further than most, used a wireless photograph and added an up-to-the-minute touch.

## Truckers' Civil War

**New association of local cartage men fights long-distance truckers on pickup question.**

WASHINGTON (*Business Week Bureau*)—Designed to appeal to the independent spirit of local cartage men, a new organization has been formed to defend their business from invasion by railroads and over-the-road truckmen.

American Trucking Associations, Inc., has been assiduously trying to court their goodwill, in order to solidify its position as the representative of all types of truck operators. But the demands of one group conflict with those of others.

The new organization, known as the National Local Trucking Associations, Inc., is headed by Philip A. Smith, Jr., president of the Smith Cartage Co., of Chicago. Charles P. Clark, a former NRA deputy administrator of the trucking code, has opened offices in Washington as its commerce counsel.

### Likely to Make Trouble

If N.L.T.A. becomes a full-fledged organization, it will probably make life miserable for the A.T.A., also for the Interstate Commerce Commission, which is confronted with several nice problems in regulating cartage operators under the Motor Carrier Act. They are subject to practically all the provisions of the new law but are not required to file tariffs if their operations are confined to certain zones defined by the ICC.

A. T. A. is seeking a special classification for cartage men, providing special regulations of their rates, bills of lading,

insurance, safety requirements, equipment standards, and labor. This is because cartage men render a peculiar service which varies widely with the locality.

Big frogs in small puddles resent intrusion. The cartage men would like to establish an exclusive claim to pickup-and-delivery service. They contend that the ICC's current investigation into such service by railroads should also cover local service by long-distance truckmen.

## Univex Goes Places

**Takes over Norton camera; sells 1,000,000 of cheaper model to one buyer.**

"LET me see one of those little Univex cameras."

That request, apparently, was made a great many times in the past three years, in department stores, drug stores, cigar stands, camera shops. Production figures of the Universal Camera Co., which make Univex and sells Belgian-made 10¢ film to fit it, were around 2,600,000 for 1934; the figures for 1935 are not divulged by the company but the trade estimates them at better than 3,000,000. And the trade agrees that Universal President O. W. Githens and Vice-President J. J. Shapiro have something.

This year, they will have even more. They've just taken over the Norton camera, which has been a pesky rival, and will sell it as the Norton-Univex at 50¢. The "standard" Univex sells for 39¢, but this year the Universal company won't concentrate on that original

model—for the very good reason that it has closed an order for a million of them, with a large advertiser in the drug field. The advertiser will combine the Univex with his own product in a premium offer to be announced June 1.

### Closing the Gap

Universal, therefore, will turn its attention to folding models. For several months the company has been expanding its line (*BW*—Sep 14 '35, p. 28) and it has got quite a bit closer to the Eastman line, though still not directly competing with it. Universal now has the Norton-Univex at 50¢, a folding model at \$1.50, "de luxe" at \$2.50.

The big talking point to the customer this year will be Univex's offer of 3"x4" prints from film which measures only 1 1/4"x1 1/2". This is to be accomplished by selling the dealer-developer on the value of a method which prints larger pictures during the developing process, at relatively minor cost. And thus the camera-user's complaint against "postage-stamp" results will be overcome.

The company's advertising campaign, handled by the Franklin Bruck Advertising Corp., will include full pages in some 30 newspapers, and color advertising in 43 magazines.

## Sears' House Plan

**General Houses, Inc., makes houses; Sears sells things to go in them.**

PREFABRICATED by General Houses, Inc., in cooperation with Sears, Roebuck & Co., the first four sample homes of a wholly new type are being opened to the public in the Chicago area on May 3.

Although insiders knew that Sears and General Houses were hatching something new in the way of popular-priced houses, all experiments were closely guarded. The general impression prevailed that when the news broke it would be something sensational and that the new houses would be the means by which Sears once more would stage a big push for building business.

However, the latter guess was wrong, as Sears is not going to sell these new houses. Instead, through the development of special fitting, fixtures, furniture, and other articles particularly suited for use in these houses, and through cooperation with General Houses, Sears hopes to boost sales in many of its departments.

Following the practice of some of the best merchandisers in the automobile field, two lines are offered—standard and de luxe—on which the prices range from \$3,748 for a 4-room "Standard" house (erected and ready to move in) to \$7,000 for a 6-room "de luxe" model. There are over 200 plans from which to make selections. Among the "extras"





**GENERAL, SEARS**—General Houses, Inc., built this house, will manufacture it and sell it. But Sears, Roebuck is an interested

party—the new General prefabricated homes will offer a market, it is expected, for many furnishings produced by Sears.

which de luxe equipment includes are automatic oil-fired heater, "winter" air conditioning, cabinet sink, and steel kitchen cabinet.

Layers of aluminum, building paper, and asbestos board between inner and outer walls provide a high degree of insulation against heat and cold, and erection time is but fourteen days all told. Framing members are steel, and shapes, types, and sizes have been standardized so as to be usable in any one of the various plans. The exterior walls consist of insulated, fire-resistant asbestos cement board, and the interior surfaces are of the latest type of fir plywood. The floors in all houses are of concrete, but may be had covered with wood or linoleum—at an extra charge. Roofs with curved coping are standard.

Sears officials point out that the owners of an unencumbered lot valued at \$1,000 need pay down only \$375 to see one of these General houses rise on their property, and thereafter monthly payments of approximately \$28, plus insurance and taxes, will keep the sheriff away, and in 15 years the buyer owns the whole thing free and clear.

Because these houses are almost completely prefabricated and their erection involves a different technique, few, if any, will be sold or erected through existing building and supply channels. Instead General Houses, Inc., is lining up its own dealer organization. Except cement, sand, and gravel, all the supplies necessary for any house will be delivered in one shipment by the dealer, who will supervise erection of the house.

Last year Haspel Bros. enormously increased its retail outlets for Lorraine seersucker suits and Mark Twain linen suits (*BW*—May 4 '35, p. 28). This year sees further developments in Haspel's items and merchandising. The price of the seersuckers remains \$12.75; linen suits are \$1 more.

While national advertising is to be continued, extra pressure will be placed on local advertising. Haspel has increased its advertising allowance for retailers to 50¢ per suit, thereby doubling its old rate and equaling Palm Beach in this respect.

#### Seersucker Plus

This year Haspel is also producing weaves with more body than seersucker but at the same price. They hold their shape better and are expected to sell heavily in cooler sections.

Taking a hint from the men's garment industry (and from the feminine weakness for copying male clothes), Ferncliffe, of New York, is producing a line of ready-made summer suits of washable Lorraine fabrics for women. The retail price is \$12.95.

Increases in wash suit sales should be shared by all fabrics. Linen and even silk are expectant. Higher prices and too much gloss have worked to the disadvantage of silk for men. Rayon hopes to overcome these objections.

Still in the early stages of development are fabrics for men's summer suits made from staple rayon fiber but with a rough surface resembling wool. Du Pont's "Congo" is important in this field. Some of the yarnmakers claim sensational increases in sales. Suits from these materials retail at \$18 to \$22. Competition is stimulating research for better summer fabrics of wool.

Heavy sales of men's slacks are further boosted by the current trend toward wearing coats and trousers of different colors. Slim young ladies (and others not so slim) are also buying slacks. Thus they are able to carry their passion for pants into the great outdoors.

In its present state, the laundry industry can use all the extra dollars that washable summer clothes will bring to

## Wash Suits Go Feminine

**Trends in women's fashions give an extra boost to a promising season in summer suits and suitings.**

WASH suits, after a long battle against masculine conservatism, achieve this spring the ultimate in national acceptance: they have been adopted for women's styles.

The assurance that wash fabrics which have been designed for male suits are set for a heavy demand in women's suits makes manufacturers readjust their already high expectations for the season. The cheering section includes laundries and laundry equipment manufacturers.

He who caters to the vagaries of female fashions is doomed to nail-biting. Sufficient to the day is the blessing thereof. Suppliers are filling the extra orders for women's tailored suits with no thought of what next year's smart woman will wear.

The textile makers are reassured by the knowledge that men's wash suits have made the grade. The male's habit is hard to shake. A survey by the Fairchild Publications predicts a 21.4% increase in men's wash clothes for this summer over last. The 1935 demand ran 35% better than 1934.

A report by *Men's Wear* notes that 50% of the 1935 volume was in whites, detects a slant toward colors which don't soil easily, and foresees a chance of doubling the volume in these colors.

Persistent imitations attest the acceptance of Goodall's Palm Beach suits. Goodall reports a 40% increase of orders so far this year over the same period of 1935. It has made important changes in price and selling policies.

On five of its staple patterns, retailers are given a return privilege. A suit unsold by Sept. 1 may be sent back, the retailer being credited with all but \$1 of its cost (*BW*—Nov 9 '35, p. 22).

Palm Beach suits will retail at \$16.75 this year. This is \$1 more than last year but \$1.75 under the 1934 price. Palm Beach cloth is selling heavily for women's summer suits. (The company makes its Palm Beach suits for men but has not yet gone into the making of women's garments.) Innovations this year are Palm Beach ties (retailing at 65¢ and \$1) and dressy hats of Palm Beach (\$5 each).

it. But the blessing has its drawbacks. Special machinery has been designed for the ticklish job of properly pressing and finishing wash suits. Equipment manufacturers are pushing these installations.

Southern laundryowners are happy because they have an extended hot season and the wash suit has been with them long enough for a proper cleaning technique to develop. Their Northern and Western brothers are just learning (among other things) that the special machines must stand idle for, say, nine

months out of the year, occupying valuable floor space, producing no income.

Laundries are now using special shower-proof preparations which resist moisture, impart a better finish, and extend the life of a pressing. Cleaning costs remain about the same as last season, ranging from a low of 45¢ per suit in the Midwest, to a top of 90¢ in the East and the Far West. Southern prices are a good deal less. The high cost of upkeep encourages the trend away from dead white.

## Here Are Air-Conditioning Facts

**Business Week** survey shows that unstable newcomers are being squeezed out. Industry expects 51.8% sales gain this year. Some firms specialize.

THE air-conditioning industry entered its 1936 selling season with a collective sales quota of over \$73,000,000, which is 51.8% more than the \$48,000,000 of actual sales in 1935.

Since the 1935 sales were 56.8% higher than those in 1934, many observers think that the 1936 quotas are too modest and that the final score will show more spectacular increases.

All these and other figures and a mass of interesting facts were developed through a survey of the industry by *Business Week*.

The difficulties which the industry suffered in the past two years are being cured by the inevitable washout of the driftwood. Looking like a natural for fairly easy sales and quick profits, the industry was attracting some newly promoted companies and not a few gasping old-timers who could no longer make a go of it in their regular lines.

These aspirants are falling by the

wayside, and the *Business Week* list of manufacturers, which in 1935 grew to 81 names, was pared down to 64 by this survey. Six companies have failed and 13 others intend either to make their old products and forget about air-conditioning, or to make only some specialty or accessories. Apparently there are only two real newcomers, one of them a large responsible manufacturer, well known in an allied industry, the other newly organized but already well financed and planning to bid for a sales volume of \$750,000 this year.

Many manufacturers have decided to specialize in a few general types rather than to attempt supplying all different requirements.

Furthermore, in air-conditioning, as in the automobile industry, most manufacturers are not attempting to manufacture equipment in its entirety but instead are buying certain parts or units from manufacturers who specialize in

their development and production. Fewer than 10 manufacturers, mostly the old-timers, are producing practically all their equipment in their own shops.

The others who cooperated in this survey are buying various parts or units, as follows: 84% buy pumps; 78% buy motors; 74% buy control apparatus; 64% buy compressors; 55% buy cabinets; 41% buy air washers and filters; 41% buy de-humidifiers; 41% buy heaters; 38% buy fans; and 24% buy humidifiers.

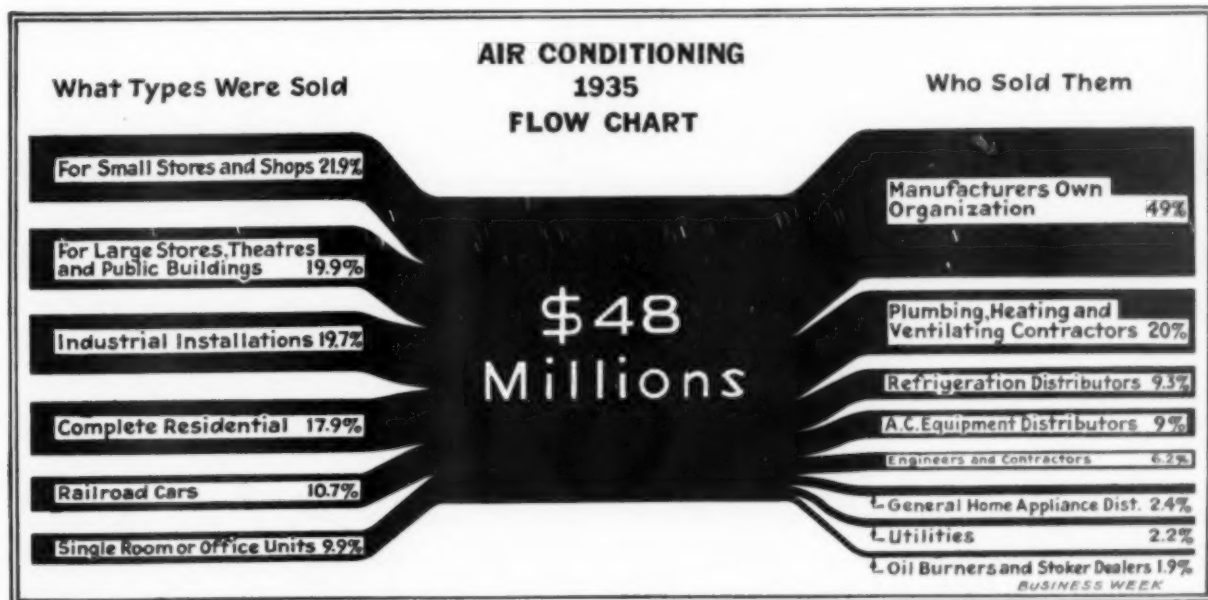
Only half the manufacturers are ready to furnish equipment that would qualify in the "all-year-round" classification as designated by the Better Business Bureau (*BW*—Nov 30 '35, p.23). However, several reputable manufacturers of heating equipment who are supplying only "winter" air-conditioning have already redesigned their units or are doing so now, so that summer conditioning can be added at the convenience of the buyer. These manufacturers will soon be offering units for complete year-round service.

Moreover, some concerns that have specialized in comfort cooling, or summer air-conditioning, are casting about for a hook-up with a suitable heating unit so as to supply year-round conditioning.

### Complete Units Sell Better

This is particularly true of some that only make small room- or office-cooling units, because they have found that the price they must charge is a serious sales obstacle. They argue that a profitable price for the cooling feature can be more easily collected when it is neatly wrapped up in the over-all price of a complete year-round outfit, and is more easily sold, especially for use in new buildings.

Exceptionally significant is the



## Air-Conditioning Manufacturers—1936

Airtemp, Inc.  
American Air Filter Co.  
American Blower Corp.  
American Moistening Co.  
American Radiator and Std. San. Corp.  
Automatic Products Co.  
Bahnsen Co.  
Baker Ice Machine Co.  
Betz Unit Air Cooler  
Bryant Heater Co.  
Buffalo Forge Co.  
Burgess Battery Co.  
Carbondale Machine Corp.  
Carrier Corp.  
Chicago Air Conditioning Corp.  
Clarage Fan Co.  
Copeland Products Co.  
Corozone Co.  
De La Vergne Engine Co.  
Delco Frigidaire Conditioning Corp.  
Economy Baker Co.  
Emerson Electric Mfg. Co.  
Fairbanks, Morse and Co.  
Frick Co.  
Furblo Co.  
Gar Wood Industries, Inc.  
General Electric Co.  
General Iron Works Co.  
Grinnell Co., Inc.  
Heetozone Corp.  
Hexel Radiator Co.  
Holland Furnace Co.

Ilg Electric Ventilating Co.  
Ingersoll-Rand  
Kauffman Air Conditioning Corp.  
Kelvinator Corp.  
King Zeero Co.  
Lewis Air Conditioners, Inc.  
W. E. Long Co.  
Mellish & Murray Co.  
L. J. Mueller Furnace Co.  
National Korecta Co.  
John J. Nesbitt, Inc.  
Norge Div., Borg-Warner Corp.  
Parks Cramer Co.  
Pennsylvania Engineering Co.  
Rudy Furnace Co.  
Russell Electric Co.  
Savage Arms Corp.  
Scott-Newcomb, Inc.  
Serval, Inc.  
Standard Air Conditioning, Inc.  
Strange Air Conditioning Corp.  
B. F. Sturtevant Co.  
The Swartzbaugh Mfg. Co.  
Thermal Units Mfg. Co.  
Timken-Detroit Axle Co.  
The Trane Co.  
U. S. Air Conditioning Corp.  
Vilter Mfg. Co.  
Waukesha Motor Co.  
Westinghouse Electric and Mfg. Co.  
X. L. Refrigerating Co.  
York Ice Machinery Corp.

breakdown of types and selling channels, made possible through this survey.

The sales figures for large installations in theaters, department stores, and public buildings having been boosted substantially through government orders that totalled many million dollars, some observers believed that that type would account for the largest slice of 1935 sales. Instead, small stores, restaurants, beauty shops, and so forth were the largest buyers, taking 21.9% of the total, and it is predicted that their purchases will be even larger this year.

### Chains Big Buyers

Chain stores have contributed substantially to sales in this class, because they have the money to make any needed investment. After discovering that air-conditioning helps to boost summer sales, they do not hesitate to order the installations, and in fact several nationally known chains are air-conditioning all stores where the cost is warranted.

Substantial increases in sales volume are expected in the industrial and residential groups. Many manufacturers, particularly those in the confectionery, drug, and food field, have learned that year-round conditioning makes possible much more accurate control of processes, greater uniformity of products, and much less spoiling.

Architects and builders of higher-priced homes hear the query, "Is it going to be air conditioned?" with increasing frequency.

Next to the manufacturers themselves, the plumbing, heating, and ven-

tilating contractors were the biggest sales-builders, chalking up 20% of the total. The plumber's knowledge of piping, wall construction, installation of ducts, and electrical control apparatus gives him an advantage.

### Special Training Required

Although two groups—distributors of refrigerators and those dealing exclusively in air-conditioning equipment—each accounted for only 9% of the industry's sales in 1935, they are expected to make a better showing in the future.

Only in recent months have long-established manufacturers of refrigerators and heating plants entered the field. They are not appointing agents or distributors for their air-conditioning equipment except such as are financially and otherwise equipped to do the right kind of selling and service job, and moreover are requiring sales and service men to go through a regular course of training.

## Distillers' Battle

**New bottled-in-bond regulations and other changes are fought over in Washington hearings.**

WASHINGTON (Business Week Bureau)—Sweeping changes in the government's regulations on labeling and advertising of distilled liquors are under consideration by the Federal Alcohol Administration, and a series of public hearings to consider proposed amend-

ments to existing rules have been started.

One was held in Washington the other day to thresh out the question of the regulations governing the use of the familiar old bottled-in-bond label. Another is scheduled for May 15 to consider other amendments.

FAA is expected to stand pat on the new bottled-in-bond regulations, saying to protesting distillers and distributors, "Conform with our standards or stop using the label."

### Canada's Laws

Canadian and British distillers as well as makers of West Indian rums and French brandies have been leading their American rivals a lively chase with many obvious advantages.

Canada permits the adulteration of whiskies with 10% of younger whisky or neutral spirits to compensate for the natural evaporation from the barrel. Also the Canadian distillers are allowed to add a sufficient quantity of distilled water to lower their product to 90-degree proof.

These steps are forbidden in the United States, and distillers from Kentucky, Maryland, Ohio, Illinois, and Pennsylvania, backed by representatives of distributors, contended that foreign rivals are allowed what amounts to a double standard—one for home customers and a much lower one for the American public.

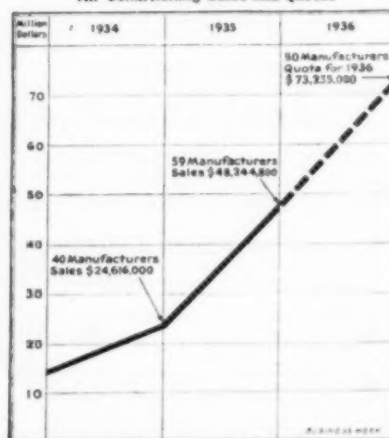
### Trade Pact Rapped

Incidentally the Hull-King trade agreement came in for hard raps from disgruntled American distillers.

In the May 15 hearings a number of important points are to be considered, including the marketing of various types of corn whisky under a label claiming age for the full period of storage. The present regulations provide that age can only be claimed for whiskies kept in charred oak containers.

Standards for highballs, cocktails, gin fizzes, and other mixed drinks, which the existing regulations fail to recognize, also will be discussed.

Air Conditioning Sales and Quotas





# "COMPTOMETER" METHODS SPEED KRAFT CHEESE

## *Figure work*

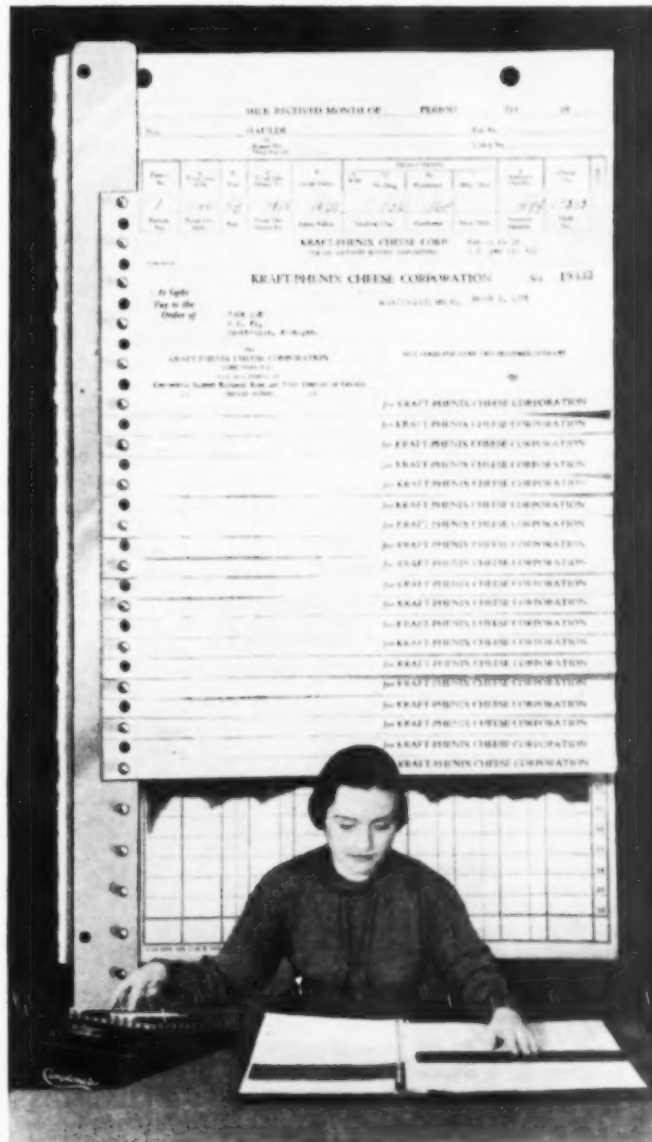
"SINCE adopting the 'Comptometer' Peg-Board method, we have eliminated unnecessary copying of figures, reduced errors, effected substantial savings, and are producing figures earlier than ever before," writes the General Office Manager of Kraft-Phenix Cheese Corporation.

"The 'Comptometer' Peg-Board combination is used on our sales analysis, farmers' milk payroll, expense distribution, truck delivery accounting, and for consolidating various reports. I might add that we maintain a centralized 'Comptometer' battery where most of our figure work is routed."

Because of their extreme flexibility, "Comptometer" methods can be applied profitably to nearly every type and size of business. For full information regarding "Comptometer" methods and equipment, phone the District Manager of the "Comptometer" office in your locality, or write direct to Felt & Tarrant Mfg. Co., 1733 N. Paulina Street, Chicago, Ill.



At right is shown a unique application of the Peg-Board—check writing. More than 20,000 checks are written monthly at Kraft's Chicago office and mailed to farmers in payment for milk. The check, containing production figures which serve as farmer's receipt, and the payroll record are made simultaneously with one writing. All figuring, of course, is handled on the "Comptometer."



# COMPTOMETER

Reg. U. S. Pat. Off.

## Follow THE LEADERS with MUTUAL PROTECTION



The early mutual fire companies supplied their policyholders with metal fire-marks to put up on their houses.

It is a problem to many buyers of insurance to know what kind of insurance to buy.

A convincing answer is the example of outstanding industrial corporations of the country who have been Mutual Insurance policyholders for many years.

It is significant that these seasoned buyers of insurance turn to Mutual companies for protection and for the considerable saving in cost they offer to any policyholder—corporation or individual.

The savings which Mutual fire insurance companies are able to make for their policyholders come from economy and conservatism in management—from intensive and intelligent fire prevention effort.

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Mutual fire insurance offers property owners a sound, stable and unflinching protection for their investment—at the lowest cost.

Any property owner will find interest and value in a booklet on the aims and accomplishments of Mutual fire companies. It will be sent on request. Address the Federation of Mutual Fire Insurance Companies, 919 No. Michigan Ave., Chicago, Ill.

## MUTUAL FIRE INSURANCE

An American Institution

This seal identifies a member company of The Federation of Mutual Fire Insurance



Companies and the American Mutual Alliance. It is a symbol of soundness and stability

## Lumber Builds a Program

Manufacturers rejoice as national association sets forth on vigorous promotion program.

RISEN phoenix-like out of the ashes to which the NRA debacle reduced 30 years of cooperative effort, the lumber industry last week got away to a new start.

The occasion of this rebirth was the 34th annual meeting of the National Lumber Manufacturers Association held at the Blackstone Hotel, Chicago.

Those who know what happened to the N.L.M.A. under the NRA, marvel not merely that it has survived to have another annual meeting but that it has snapped back into action so fast and furiously. Support of the national association had shrunk from 16 groups before NRA, to three groups in 1934, resulting in more than corresponding shrinkage in its income and activities.

Soon after the Schechter decision voided the NRA a small group of staunch supporters of the N.L.M.A. under the leadership of J. W. Watzek, Jr., president, and Dr. Wilson Compton, secretary and manager, began the rebuilding process. They have been so successful that when the Douglas Fir Plywood Association "joined up" just before last week's session there remained only one other eligible group to bring under the tent.

The history-making part of last week's convention was that for the first time not only the lumber producers were there but also groups of representatives from all the major distributing agencies: National Retail Lumber Dealers Association, National-American Wholesale Lumber Association, and National Association of Commission Lumber Salesmen.

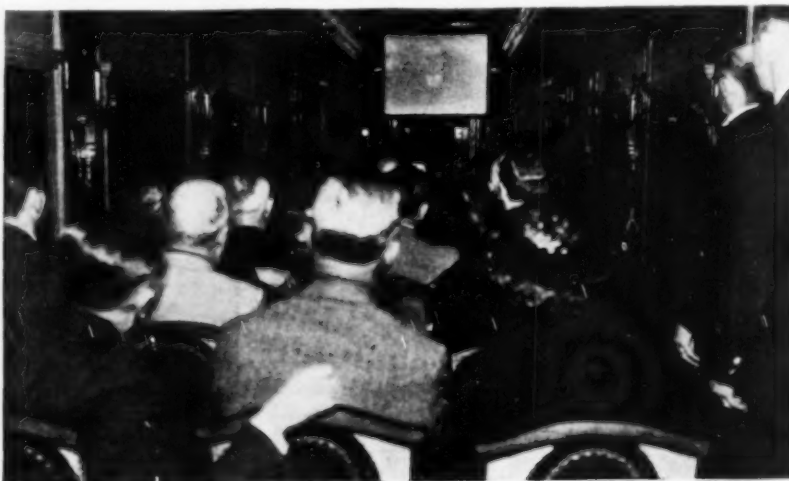
Trade Relations Committee of the Lumber Industry was formed, first industry-wide agency of cooperation in this trade. Under chairmanship of Geo. W. Dulany, Jr., it expects not only to coordinate some of the intra-industry activities of the separate groups but also to formulate and execute an aggressive campaign of lumber trade promotion.

Enthusiasts cite several practical reasons for their optimism, of which two command special attention.

First, through Timber Engineering Co., N.L.M.A. has made available a line of patented timber connectors which make possible much broader use of lumber for structural purposes. Placed on the market only in 1933, sales of these connectors in 1935 totalled over three million pieces, and their availability is held responsible for the sale or use of approximately 200 million feet of lumber last year.

Second, the industry soon will have in national distribution non-combustible, rot-, bug-, shrink-, and waterproof lumber products, treated by a process which Underwriters Laboratories has recognized as furnishing "practically non-flammable and practically non-combustible" wood flooring. This is expected to deprive competing products of one of their most potent sales arguments against the use of lumber.

Thus N.L.M.A. activities in building and recapturing markets also are being resumed and lumber men expect to take fullest advantage of the growing building boom. Boosters of forest conservation as one of the N.L.M.A. activities



Business Week

**BURLINGTON TAKES UP TALKIES**—Patrons of the Burlington, rolling through the Northwest at night when there's not much to see from the windows, get a kick out of the movies. The line tried out the plan for two weeks, had to hang out the S.R.O. sign. Now the sound film equipment is to provide regular entertainment aboard three crack trains. Films, Inc., will deliver the film, for five evening shows daily. A small admission price is charged.



## For Insomnia . . . Life Insurance

*M*ANY a family man has the experience of being kept awake by worry. After dozing off, he wakes up with a start. What would happen to his family, if—? He hates to put it in words. But the bare fact remains that without him his family might be penniless.

He can save a little—and does. But the amount may be far short of the money he needs to give him peace of mind when he wants to go to sleep and rest.

Before Life Insurance became available,

comparatively few men had any way open to them to work out for themselves the size of the estate or the number of monthly payments necessary for the continuing comfort and support of their families.

If you wish to avoid worry-induced insomnia, why not talk things over with a Field-Man? He will probably be able to show you how you can safeguard the future out of your present income. Telephone the nearest Metropolitan office and ask a Field-Man to call—or mail the coupon.

*The Metropolitan issues life insurance in the usual standard forms, individual and group, in large and small amounts. It also issues annuities and accident and health policies.*

*The Metropolitan is a mutual organization. Its assets are held for the benefit of its policyholders, and any divisible surplus is returned to its policyholders in the form of dividends.*



Metropolitan Life Insurance Co., (W)  
1 Madison Ave., New York, N. Y.

Without obligation on my part, please send me information regarding the Family Protection Plan Policy.

NAME \_\_\_\_\_

ADDRESS \_\_\_\_\_

CITY \_\_\_\_\_

STATE \_\_\_\_\_

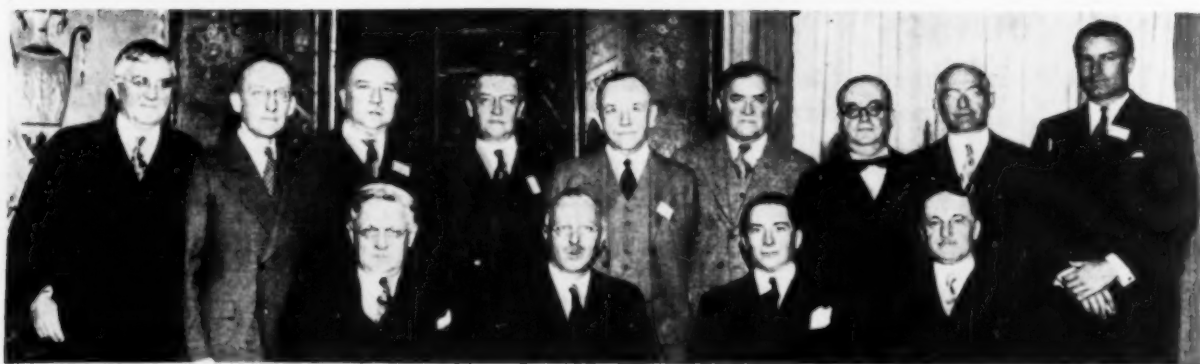
## METROPOLITAN LIFE INSURANCE COMPANY

Frederick H. Ecker, President

One Madison Avenue, New York, N. Y.

©1936 M. L. I. CO.





**NO BANNER LINES**—Yearly meeting of American Newspaper Publishers Association last week made no "streamer" stories, avoided conflicts (such as press-radio outbreaks) and reelected officials with a vote of confidence. Serving again are, front row from left: E. H. Harris, secretary; Jerome D. Barnum, president;

James G. Stahlman, vice-president; Walter M. Dear, treasurer. Rear row, from left: Directors C. H. Taylor, W. E. McFarlane, L. B. Palmer (who is also general manager of the association), E. H. Butler, J. S. Parks, John S. McCarrens, Howard Davis, W. G. Chandler, Norman Chandler.

saw to it that formal approval was given at this meeting to continuance of the forest conservation provisions.

The convention closed with the election of W. B. Nettleton, president of the Nettleton Lumber Co. (Seattle) to

the presidency of N.L.M.A.; I. N. Tate, vice-president, Weyerhaeuser Sales Co., to be president of American Forest Products Industries, Inc., and Wilson Compton as president of the Timber Engineering Co.

effectiveness of their campaigns. But they can't resist a 40% or 60% saving.

The agencies are dissatisfied because it means twice as much work for the same amount of pay. When an agency places \$1,000 worth of advertising at the national rate, it gets its \$150 direct from the publisher. When it places \$1,000 worth of advertising through its client's dealers, it often not only has to turn out more copy and art work, but has a lot of expensive checking to do in order to get its \$150 payment from the advertiser. For the publisher doesn't pay commission on copy placed at the local rate.

And that's the nub of the 4-A's concern about the practice. It strikes right at the heart of the established commission system. When the agency is paid by the advertiser a new bargaining factor is introduced. The ability of an agency to operate on local rates becomes an important consideration when the advertiser chooses his agency. Moreover, whenever the advertiser, instead of the publisher, pays the agency, there is always the chance that the traditional 15% commission will be cut.

The increasing popularity of this system of placing advertising has the 4-A's critically worried, but agencies as a group can take no direct step to solve the differential problem, and in these days of tight competitive bidding for accounts, the individual agency can't be expected to do anything about it.

#### Gap Must Be Closed

However, agencies are agreed on this single point: the differential between local and national rates must be materially reduced, for only in that manner can the local-rate racket be outlawed.

The whole solution lies with the publisher—with each individual publisher. And it's not a simple solution either, for he obviously doesn't intend to reduce the national rate (increases, not decreases, are in vogue, because of rising costs), and he will have a tough time

## 4-A's Ponder Rate Dodging

**Advertising agencies' convention thinks and talks about local rate differential problem—which closely affects the compensation that agencies get.**

WHEN the American Association of Advertising Agencies meets in annual convention and doesn't concentrate its deliberations on the question how to protect the sacred 15% agency commission, that's news. And this week's meeting of the agents in White Sulphur Springs, W. Va., can be classified as such.

Nevertheless it doesn't merit big black headlines, for although the subject of agency commissions didn't figure openly on the convention program, it did steal in through the back door to influence the course of general discussion.

The big problem before the convention this year was the differential between local and national rates, and that problem is related to the perennial one of compensation.

#### Representatives Launch Fight

Among advertising groups, it was the newspaper representatives who first got exercised a few years ago about the fact that a number of national advertisers were placing their newspaper copy through local dealers and thus getting the advantage of the lower rates on local copy. In the past year, the agencies have begun to manifest considerable interest in the problem. And last week at their annual convention in New York the newspaper publishers paused long enough in their freedom-of-the-press oratory to deplore the fact that a good

many dollars were slipping through the hole in their rate structures.

National advertising rates average 40% higher than local rates in daily papers, and almost 60% higher in Sunday papers. It is estimated that nearly a third of national advertising space is bought on the local-rate basis. Mats are supplied to dealers, who schedule the advertisement in the local paper.

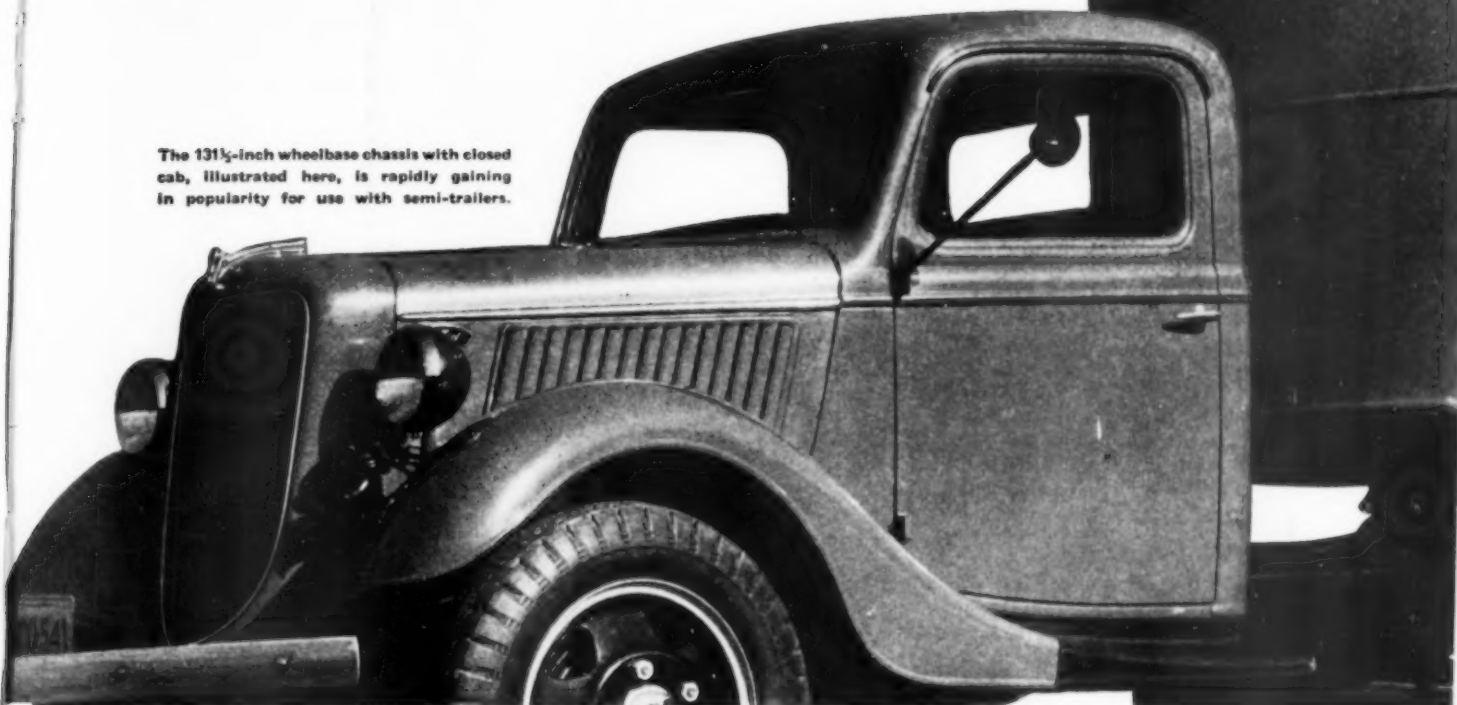
The loss which publishers suffer is apparent, though it cannot fairly be argued that advertisers would buy as much space if they had to pay the higher rate. At first, when electrical appliance and automobile manufacturers introduced dealer cooperative advertising, it looked to publishers like a revenue builder, for dealers were encouraged to put up some cash for advertising. Now publishers say it has degenerated into such a racket that it actually keeps dealers from advertising; they simply rely on the manufacturer to pay their bills.

Worse than that, it encourages the granting of advertising allowances to dealers, and the Patman committee has proved that a lot of the dollars allotted to dealers from the manufacturer's appropriation never find their way into a publisher's till.

Collectively, advertisers deplore the fact that the system weakens their control over publishing schedules and total expenditures, thus reducing the whole

# HAULS 9-TON LOADS 52,000 MILES... SPENDS ONLY \$5.90 FOR REPAIRS

The 131½-inch wheelbase chassis with closed cab, illustrated here, is rapidly gaining in popularity for use with semi-trailers.



## THE ONLY TRUCK THAT GIVES YOU A V-8 ENGINE ... PLUS THESE ADDITIONAL QUALITY FEATURES

Full-floating rear axle with straddle-mounted pinion . . . full torque-tube and radius-rod drive . . . quick-action safety brakes . . . big, 11-inch heavy-duty clutch . . . truck-type four-speed transmission . . . deep, rugged frame with full-channel-depth cross-members . . . durable baked-enamel finish.

Any new 112-inch wheelbase Ford V-8 Commercial Car can be purchased for \$25 a month, with usual low down-payment. Any new 131½-inch or 157-inch wheelbase Ford V-8 Truck can be purchased with the usual low down-payment on the new UCC ½% per month Finance Plans.

# FORD V-8 TRUCKS

## AND COMMERCIAL CARS

**T**HERE are as many kinds of trucking jobs as there are trucks. Some call for speed . . . some for power . . . some for endurance. But they all call for low cost. That explains why the trend to Fords is not limited to any single group of truck operators.

A. F. Rechtzigel of St. Paul, Minn., reports that his Ford V-8 Truck has gone 52,000 miles, hauling average loads of 9 tons. His total repair bill has been \$5.90. His case is typical of the low repair costs reported by Ford owners.

But low repair costs are only a part of Ford V-8 Truck savings. V-8 Economy is OVER-ALL Economy. Similar savings are reported in fuel and oil, tires, taxes, insurance, license fees, wages, depreciation, interest charges, accident repairs, appearance up-keep and capital investment.

Your operation may not call for heavy loads or high mileage. But it does call for low cost. Call a Ford dealer and set a date for an "on-the-job" test. Find out what a Ford V-8 Truck will do under your own operating conditions.

raising his local rate, with hard-boiled department store advertising managers always hammering away at it.

Agencies say that the first step in the right direction is that which a few courageous publishers have taken in refusing to accept advertising at local rates in certain product classifications where the rate-dodging racket has flourished. But the problem won't be finally solved until the gap between the local and national levels is reduced to the point where it isn't worth while to try to beat the game.

## Goods Dividends

**Zonite gives certificates to retailers, redeemable in goods. Must maintain prices.**

THE Zonite Sales Corp. announces an anti-price-discrimination plan, coupled with price maintenance.

It is issuing a new dividend certificate, designed to put the small retailer on an equal footing with the largest buyer. The plan applies to all Forhan products. The certificates will be sent to all buyers at the time of shipment and will be redeemed in free goods.

Wholesale distributors will be required to attach the serially-numbered dividend certificates in proper ratio to all invoices or merchandise. "The retailer who buys but one-twelfth of a dozen," says the company, "obtains 16 2/3% in Forhan free goods."

The company suggests minimum retail prices which afford a larger profit than those formerly in effect. It will refuse to sell directly to retailers who won't play ball. It has a new del credere sales plan to combat chiselers.

"Del credere" is an Italian phrase, meaning "of belief" or "of trust." Under the del credere plan, the wholesaler becomes the agent of the manufacturer, holding the goods on consignment and depositing a guarantee against collection of accounts with retailers. The manufacturer allows his wholesaler-agent to sell only to approved retailers.

Thus the control runs direct from the producer of the merchandise to the retail outlet, which must stay in line or risk refusal of its subsequent orders. The plan has been O.K.'d by the United States Supreme Court.

## Boulder Dam Power

**Will be transferred along Coast from Mexico to Canada.**

AMONG the first indications of the extent to which Boulder Dam will change the power map of the Pacific Coast is the proposal of the Southern California Edison Co. to the state Railroad Commission for interchange of large blocks of power with the Pacific Gas & Electric

Co., a northern and central California utility.

The proposal calls for revised and reinforced interconnection, tentatively set for July, 1937, to enable the Edison Co. to dispose of a large part of the power that it is to get from Boulder Dam under a government contract.

The interconnection project removes the possibility of surplus generating capacity formerly faced by the Edison Co. and eliminates the need for either of the two utilities to make further capital investments in generating capacity if the other has a surplus which can economically be transferred.

One important result of the plan will be increased protection in each area against emergency demand for power and greater flexibility in the use of reserve capacity.

Coast utilities, especially in California, have been interconnected for many years, but the growth of the load has made these connections inadequate. With the completion of the present project, the transfer of blocks of power as large as 280,000 hp. will be possible, and the Coast will be supplied with a continuous network of high voltage transmission lines from the Mexican border to Canada.

## The First Quarter Was Like This—

Company	1936	1935	% Change
<b>Industrials</b>			
Air Reduction Co.....	\$1,430,231	1,254,008	+ 14.1
Allis Chalmers.....	754,127	d222,242	†
Atlantic Refining.....	1,983,000	d129,000	†
Bayuk Cigars.....	154,002	151,385	+ 1.7
Belding Heminway.....	174,713	165,094	+ 5.8
Borg-Warner.....	1,575,363	1,383,846	+ 13.8
Bristol-Myers.....	659,886	550,949	+ 19.8
Caterpillar Tractor.....	1,936,779	1,084,777	+ 78.5
Chrysler.....	11,453,439	9,163,182	+ 25.0
Coca-Cola International.....	632,873	796,654	— 20.6
Commercial Credit.....	1,913,773	1,089,722	+ 75.6
Container Corp. of America.....	179,303	207,810	— 13.7
Corn Products Refining.....	2,799,990	2,134,452	+ 31.2
Curtis Publishing.....	1,787,207	1,778,849	+ 0.5
duPont de Nemours, E. I.....	14,713,782	11,097,142	+ 32.6
Electric Auto-Lite Co.....	852,515	693,675	+ 22.9
General Electric.....	7,086,830	5,390,930	+ 31.5
General Foods.....	4,067,150	3,361,359	+ 21.0
General Motors.....	52,464,174	31,510,371	+ 66.5
Gillette Safety Razor.....	1,227,366	1,198,663	+ 2.4
Hercules Powder.....	805,101	797,060	+ 1.0
Household Finance.....	1,314,435	1,034,559	+ 27.1
Howe Sound.....	529,018	389,759	+ 35.7
Lehigh Valley Coal.....	544,172	370,598	+ 46.8
Libbey-Owens-Ford.....	1,996,967	2,219,767	— 10.0
National Biscuit.....	2,917,123	1,848,565	+ 57.8
National Distillers Prod.....	1,349,634	1,322,399	+ 2.1
Otis Steel.....	148,676	952,362	— 84.4
Procter & Gamble.....	4,010,510	4,050,443	— 1.0
Schenley Distillers.....	1,739,200	1,587,622	+ 9.5
Shell Union Oil.....	1,681,984	d1,121,040	†
Spiegel, May Stern.....	449,934	292,145	+ 54.0
Texas Gulf Sulphur.....	2,149,018	1,540,869	+ 39.5
Tide Water Associated.....	2,707,702	1,220,991	+ 121.8
Timken Roller Bearing.....	2,068,856	2,361,937	— 12.4
Twentieth Century-Fox.....	1,239,760	616,806	+ 101.0
Underwood Elliott Fisher.....	828,661	719,043	+ 15.2
Union Carbide & Carbon.....	7,052,393	5,293,629	+ 33.2
Union Oil of California.....	400,000	1,350,000	— 70.4
United Fruit.....	2,650,000	2,250,000	+ 17.8
U. S. Gypsum.....	436,617	387,670	+ 12.6
U. S. Steel.....	3,376,304	d2,173,801	†
Westinghouse.....	3,732,454	2,326,496	+ 60.4
Wrigley (Wm.) Jr.....	1,541,164	1,786,095	— 13.7
Youngstown Sheet & Tube.....	1,897,299	d595,770	†
<b>Utilities</b>			
Commonwealth Edison Co.....	3,190,729	3,335,875	— 4.4
Consolidated Edison Co. of N. Y.....	12,756,872	13,826,338	— 7.7
Illinois Bell Telephone.....	2,930,630	1,838,824	+ 59.4
Public Service Co. of No. Illinois..	1,182,240	1,084,427	+ 9.0
Southern California Edison.....	2,737,134	2,050,994	+ 33.5

d—Deficit. †Loss to Profit.

Business Week

STILL GOING UP—Earnings for the first quarter are generally above those of a year ago, many companies making the best record since 1930. *Business Week's* compilation of the figures for the first 230 companies reporting for the quarter shows a gain of 35.9% above the same period of 1935 with indications that the advance will be maintained during the second quarter.





THEY ALL TELL THE SAME STORY OF PROFITS WITH AIR CONDITIONING



... Just how  
**DIFFERENT is your  
BUSINESS ANYWAY?**

A century-old chop house in lower Manhattan—a gleaming modern grill room on upper Broadway—a florist in Detroit—a mortician in Elgin—a luxurious cocktail-bar in Boston—a beauty salon on Chicago's Gold Coast—a physician's office in Baltimore. The owners all say the same about Kelvinator air conditioning.

More business—greater profits—the most profitable investment they ever made.

How different is *your* business?

Why not find out right now? There won't be the slightest difficulty about getting dependable facts—and there won't be any cost attached. Here's all you have to do. Get in touch with your nearest Kelvinator representative and ask him to provide you with a Kelvinator Engineering and Value Survey.

This survey will give you a clear, understandable picture of *your* air conditioning project from the investment angle—its profit-producing power, this year—and in the years to come.

**KELVINATOR CORP.**  
Detroit, Michigan  
Factories also in London,  
Ontario, and London, England



# Old Northwest Makes Good

**Last year's optimism is justified by business gains. Industrial products sell well and farm outlook is bright in Jim Hill's great empire.**

MORE than six months ago the editor of *Business Week* had the rare opportunity of a confidential interview with about 60 of the leaders of industry and commerce in the old Northwest in a single sitting (*BW*—Oct 19 '35, p 24). Out of that came a surprising story of business recovery, community progress, and market opportunity—surprising in view of a perennially bad political situation and a record of but one completely satisfactory harvest in 11 successive crop years.

Last week the occasion was repeated. Much the same men gathered behind closed doors in the Minnesota Club, St. Paul, and gave in confidence exact statistics of last year's full accounting and this year's first-quarter results in the corporations they represented. Last fall's optimism was justified and its promises were kept. Proof was there that the Twin Cities are the capital of a restored Northwest Empire in the best tradition of Jim Hill and the center of one of the best farm markets in the entire country today.

## Depression Took Toll

It is true that while the territory is moving forward and consolidating its gains, there are conspicuous business tragedies. This is owing not only to the universal business difficulties of the past six years but also to local peculiarities.

The Twin Cities, and particularly St.

Paul, since the days of the Red River ox-cart, have been the wholesaling center of that great territory. The effect of the Panama Canal on freight rates severely curtailed the zone of distribution, and new merchandising methods almost did away with the old-fashioned wholesaler. But adaptability is the mark of the pioneer, and the Northwest is coming out of the depression far better than the average of the country in almost every department.

## Up to Farmer

The fate of this country rests on its farms. There the record of the Northwest is favorable and the prospect promising. More moisture was laid than for several years past, and with a favorable break in the weather planting will be timely. Only the fates can say whether big winds and distant droughts will again bring the rust plague that almost destroyed the wheat crop.

Cattle herds have grown, dairying and poultry should continue to be the backlog of rural economy, and the hog crop, pitifully depleted by governmental destruction, should be almost restored.

It is a remarkable total of farm buying, in many departments exceeding even pre-depression records, that is returning prosperity to the Northwest.

Let the business leaders of the territory, under the cloak of anonymity, tell what has been going on.

The president of a farm implement

## Conference Report

Swinging back through Jim Hill's Northwest Empire to check up on those predictions he heard last fall, the editor of *Business Week* again sat down behind closed doors with about threescore industrial, financial, and commercial leaders of that imperial region, and again asked pointed questions and received full and precise answers.

Although the nature of the meeting precluded verbatim quotation, it was intended that the substance of the information given should be published in these columns, as a first-hand report on what business in the old Northwest is doing, planning, and expecting.

That report, presented herewith, should be illuminating to all executives, particularly to those who are interested in the Northwest as a market for goods and services.

manufacturing business reported that his prediction made at our last meeting had been fulfilled and that the company did the biggest business in its long history in the Northwest. Thus far this year, in spite of paralyzing weather and the North Dakota wheat failure, business is running 50% ahead of last year. Last year's top record should be broken by a wide margin this year.

## Other Wide Gains

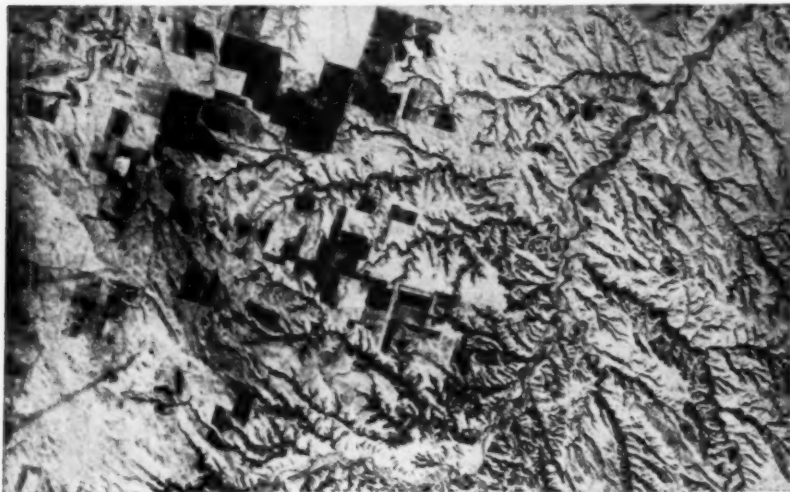
The local branch manager of one of the world's largest manufacturers of farm implements and machinery reported that the Northwest branch made a gain of 301% in sales last year and stood first in the country. For the first four months of 1936, this branch shows a gain of 79% in billings over last year.

Most surprising is the fact that although favorable credit terms are offered every purchaser, 97.2% of the business done thus far this year has been for cash. The branch took in \$1,000,000 cash in April. Sales made since last fall of tractors alone for delivery after Feb. 1 amounted to 27 trainloads to be delivered in the Northwest.

A company which does a world-wide business, specializing in engines, pumps, and similar equipment, reported that the Northwest branch not only showed the largest percentage of gain last year but for the first time led the country in volume of sales.

One of the big three among the automobile builders found that its St. Paul branch showed an increase of 96% in sales last year and stood third in volume among the 36 branches it maintains throughout the country.

A national life insurance company with headquarters in the Twin Cities reported a gain of 28% in premium in-



National Geographic—Wide World

**U. S. NEEDS A MAP**—Topographically, the U. S. has never been adequately mapped—half of the country not at all. It is estimated that a standard map would cost \$117,000,000 to complete, would take ten years' time. This picture (taken from a height of 13 miles by balloon-carried automatic camera) shows what topographic maps can do. A 105-sq.mi. section of South Dakota is shown so clearly that students of erosion control could easily spot the affected areas and lay plans to correct the damage.

# "What? A Lifetime to Paint that Picture?"

—why, you did it in forty-eight hours!"

WHEN Whistler, accused by the great Ruskin of "flinging a pot of paint in the public's face," was finally goaded to the point of bringing a libel action against the critic, the court was called upon to consider one of his paintings, the now-famous "Nocturne in Black and Gold."

Opposing counsel brought out the fact that Whistler had painted the picture in two days.

"The labor of two days, then, is that for which you ask two hundred guineas?"

"No," Whistler replied, "I ask it for the knowledge of a lifetime."

The world has since been glad to pay many times as much for Whistler's masterpieces. It has come to recognize their greatness—something that cannot be measured in terms of labor or materials nor seen with the eye alone. Into these pictures Whistler put the qualities of mind and heart that transform ordinary canvas and paint into the living expression of genius.

## Unseen Value

### —the Test of a Car's Greatness

In all the products of man's handiwork there is something more than mere material and labor. Men put *themselves* into the things they make. And the true worth of any product is neither greater nor less than the measure of the men who created it. In every field there are names that stand above the rest—the guarantee of an *unseen value* to be found in the products of no other manufacturer, regardless of price.

When the Chrysler organization began to produce cars, a hundred other manufacturers were already established. What was there for Chrysler to contribute?

The Chrysler organization had *men*. Men who brought to their work "the knowledge of a lifetime"—a rare combination of outstanding ability and practical experience. Men inspired with brilliant engineering genius and fired with the vision of great achievement.

They gave the world cars such as it had never seen before. They pioneered one

great advance after another—piled value upon value.

## One out of Every Four

By the sheer force of these superiorities, Chrysler-made cars captured public favor. In a single decade Chrysler took its place among the Big Three. Today about every fourth car on the road is a Chrysler-made car.

When you look at a Plymouth or Dodge, a De Soto or Chrysler, remember that behind these cars is a mighty organization of almost half a million people—the world-famous staff of Chrysler engineers—the vast resources of a giant industry—a far-flung dealer and service organization whose faith has been pledged by an investment of more than a quarter of a billion dollars.

All these are part of the car or truck you buy. For the greatness of Chrysler is simply the greatness inherent in each single one of its cars—the *unseen value* that will prove itself through the months and years to come.

### BEFORE BUYING A CAR —ASK YOURSELF THESE 6 QUESTIONS

1. Has it proper weight distribution?
2. Has it genuine hydraulic brakes?
3. Is it economical to run?
4. Has it floating power?
5. Has it safety-steel body?
6. Does it drive easily?

ONLY CHRYSLER-BUILT  
CARS HAVE ALL SIX

*Chrysler Corporation*

**PLYMOUTH  
DODGE**  
PASSENGER CARS AND TRUCKS  
**DE SOTO  
CHRYSLER**

YOU GET THE GOOD THINGS FIRST FROM CHRYSLER CORPORATION



come in the first quarter for the country as a whole, and 43% for Minnesota.

A national fire insurance company, locally domiciled, continues a dividend record unbroken since 1865 and finds conditions in the Northwest well above the national average.

While old-fashioned wholesaling has dwindled, cooperative wholesalers in both the hardware and the grocery fields report remarkable and continued expansion of business. Department stores show a volume gain well in excess of the national average, and paint, refrigerator, and hardware manufacturers were happy about the farmers' cash buying.

Railroads of the territory report better gross and net, despite traffic losses owing to the wheat failure last year. A St. Paul newspaper publisher contented himself with reporting that while the city had witnessed a few crimes of pas-

sion, committed by excited amateurs, there has not been a kidnaping or murder traceable to St. Paul gangland in two years.

This territory has suffered more than its share of abuse from Non-Partisan League, Farmer Labor, and other radical groups controlling state and local politics. Vandal politics has been exploited in the outside press to the surprise of a people working and building successfully under an immunity long since developed—such an immunity as permits business to rebuild on a national scale despite the added vagaries of politics and economy in Washington.

Statistically the territory stands above the national average by almost every tangible yardstick that measures social value and integrity. It hasn't yet discovered the best way to tell its story to the world at large.

his post largely because Charles M. Schwab recognized his skill in selecting men and in giving them responsibility and opportunity, saw in Larkin the man he needed to head up the industrial relations system. Grace made Larkin his assistant at first, and Larkin's responsibilities began to grow until he was taking care of industrial relationships for the entire working force of 70,000 employees. Then he was made a vice-president, and last year he was elected to membership on the board of directors.

### Several Jumps Ahead

In addition to being sure that the right man is in charge, Bethlehem cites another primary belief: industry must keep in step with new methods, and give careful consideration to the new ideas which come about with general advances in business, in politics, and in sociology, with an eye toward adapting those which fit its own problems.

The result is a full-fledged system which at the present time includes collective bargaining, social security, and other factors much in public discussion—accomplished by the employees and management of one company, rather than by governmental action.

Bethlehem's industrial and public relations history may well be divided into two parts, pre-war and post-war. It was in 1918 that the company, faced with a tremendous job in coordinating activities vastly enlarged during the war, started its present comprehensive plan and picked Larkin to work in with it. The job was so big that it had to be broken down into divisions, namely, industrial relations; public relations; publications (including advertising); compensation and safety; training; and medical care.

Each division is headed by a specially-trained man of broad experience.

The basis of the industrial relations activity is the Employees' Representation Plan, which has been a prototype for hundreds of similar plans adopted in various corporations in recent years.

### Other Plants Follow

Bethlehem employees started their first Plan in 1918, and since that time the employees of each plant in the corporation have established similar plans, which function through annual election of employee representatives, who, in turn, form committees to deal with topics in conference with similar committees appointed by the management. During 1935, this method took care of 807 disputes, settling 81.5% in favor of the employees.

Through the relief plan, 68,325 employees participated in sickness and death insurance, with a million dollars in benefits going to 6,800 beneficiaries in one year. Bethlehem also maintains a pension fund, with total expenses paid from corporation funds. During the past year, disbursements from the pen-

## Bethlehem's Labor Success

**Steel corporation uses comprehensive plan in dealing with 70,000 employees. Industrial and public relations are entrusted to a vice-president.**

FOLLOWING the trail of employer-employee relationships, in a survey to find out what some businesses are doing to guide all business (*BW*—Apr 25 '36, p18), *Business Week* came to Bethlehem Steel Corp.—one of the prime examples of big industries which have proved the value of careful and continuous development of good sense in labor relationships.

During the past 17 years, Bethlehem has pursued a course uninterrupted by major labor unrest, while many concerns have been harassed by seemingly insoluble problems in this line. In part, this achievement must be attributed to recognition by the Bethlehem management that factors and conditions of employment are of as much concern to the company as financial structure.

### Grace's Creed

"Peace and prosperity in industry rest upon the firm foundation of friendship and amity between employer and employee," says Eugene G. Grace, Bethlehem president, and that principle has been followed closely. This is Bethlehem's setup:

First, the man in charge of employee relationships is not a personnel manager lacking authority, but is a vice-president and director of the company. He is also in charge of industrial and public relations, reflecting the Bethlehem view that the conduct of its internal affairs is inseparable from relationships with the public.

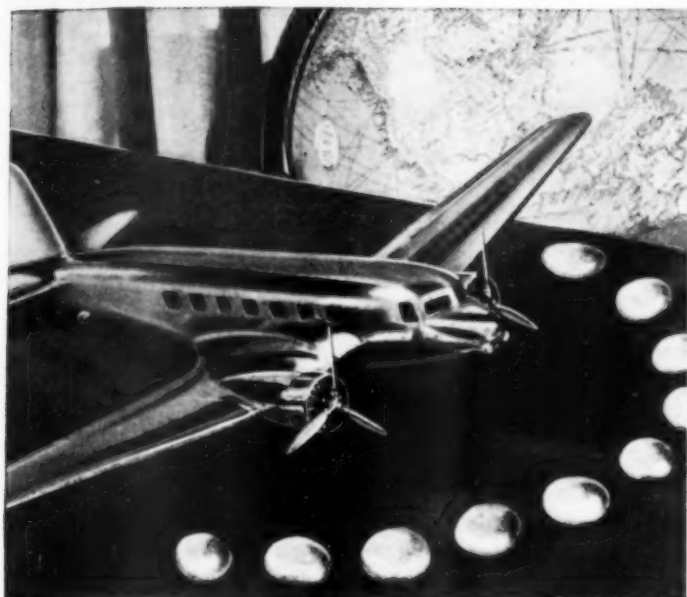
The man is Joseph M. Larkin, who started as a young draftsman with Bethlehem and moved along from one job to another, rubbing elbows with all

classes of workers, until by 1917 (at the age of 28) he was in charge of building a wartime working force in one plant, and editing a works paper.


Pres. Grace, who himself had gained



*Business Week*  
70,000 JOBS—Every Bethlehem job, in a way, is Joseph M. Larkin's. He came up from the ranks to head industrial relations, he knows how to use sympathy and fairness in handling men, and he has the authority (as vice-president and director) to cut through red tape and settle disputes.



## THEY WERE THE SEEDS OF SPEED

 ONLY FIFTY fleeting years ago this spring, young Charles Martin Hall held in his hand the first shining pellets of commercial Aluminum. They were the seeds of speed.

For Hall had made a semiprecious metal into a common metal; had released its lightness to be made ready for the streamlined trains, the buses and trucks, and the swift all-metal airplane of our generation.

Transportation and Aluminum have come of age together.

The slow trains and the buggies of the early nineties had little need for the lightness of Aluminum, because the means whereby modern speeds are attained had yet to be developed and perfected.

The saga of transportation is one of concurrent development of motive powers, steam, gasoline, and electricity; of roadbeds and highways; of concrete and metal and rubber; of hesitant wings maturing into commercial flight.

In that progressive development there always comes a time, in the search for speed to shrink time and distance, when each field of transportation needs lightness for lightness sake.

The airplane's need was first and most acute. Aviation had to have lightness coupled with great strength. It found Aluminum ready, made ready by years of steady, plugging progress.

Nature made Aluminum light, but its strength

and versatility came from years of scientific research in quiet laboratories and on test floors. Pioneering studies in stresses and strains. Engineering tests that no common metal had ever been called upon to meet. Development of special heat-treated alloys. Methods to cut costs.

By these things, speed was given wings.

Aluminum was ready to answer the call for lightness in all moving things: the automobile engine piston, the bus body, the truck body, all moving parts, all mass-in-motion, and finally, the streamlined railroad trains.

The engineering profession gave the challenge. The metal-working industry mastered the quirks. Great mills with costly equipment were built to produce the rolled sheet and structural shapes that were to be needed, before ever an order was on the books. Millions of dollars of earnings were plowed back into preparation for the day when transportation engineers would begin to write lightness into their specifications.

Engineers in quest of lightness staked their professional reputations on Aluminum's ability to stand the gaff of rail and air and highway service. To them an appreciative industry expresses its thanks for their confidence, its homage for their vision.

For the day of lightness is here. The swan song of needless weight is being sung. Aluminum has become the *speed metal* of a new and faster age. Side by side with the older metals it is giving you faster transportation, with greater safety and economy.

A FIFTIETH ANNIVERSARY MESSAGE FROM

ALUMINUM COMPANY OF AMERICA

# PAGE FENCE

PIONEERS WITH A  
*New* LINE POST



*"You'd expect it of Page!"*

PAGE refuses to let "well enough" alone—is striving constantly to raise the standard of fence construction. Heretofore, fence posts have been adaptations of existing sections. Now PAGE announces the new wing channel line Post designed especially for fence and fence alone, with many advantages resulting—superior galvanizing, greater strength, a far neater, more serviceable installation.

PAGE alone offers a selection of quality fence metals—ARMCO Iron, ALCOA Aluminum, Allegheny Stainless Steel, genuine Wrought Iron. One of these best serves your fence problem.

Located throughout the United States are 92 Page Fence experts who will gladly consult with you. Write to one of the offices shown below for helpful literature and name of Page Fence expert near you.

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**This Label—Your Guarantee**

The PAGE P-12 label identifies PAGE galvanizing which is guaranteed to withstand a minimum of 12 one-minute dips by the Preece Test. PAGE P-12 galvanizing applies not only to fence fabric but also to posts, top rail and fittings as well—your guarantee of maximum resistance to rust.

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"ONE of 37 plans, used by over 5,000 leading firms! Imprinted AUTOPoint pencils now carry my story and tell it daily to my prospects. They can't forget me! Write AUTOPoint Company for their book "37 Sales Plans." It's free. **AUTOPoint COMPANY, Dept. BW-5, 1881 Foster Avenue, Chicago, Ill.**

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**BUSINESS WEEK**

330 W. 42d St., N. Y. C.

sion fund were \$840,255, and 1,921 retired employees are now on the pension rolls.

Medical care and accident prevention are leading activities, with a gratifying effect on the accident rate—a 75% drop since 1916, and a 35% drop in 1935 despite a large increase in operations over 1934.

Keeping the employees informed is also a Bethlehem policy, and the *Bethlehem Review* reports to the workers.

None of these activities is regarded as "welfare"—the company's idea is that an employee has a reasonable desire for a steady job, adequate real wages, a good supervisor, an individual and collective voice in his problems, a chance to rise on his merits, protection for himself and his family in the event of sickness or death, and economic security in his old age. And around this platform Bethlehem has built a system of labor relationships which is the envy of many another corporation.

## Ford Trains Youths

**Takes 200 high-school graduates for 3-month period, paying them 55c per hour.**

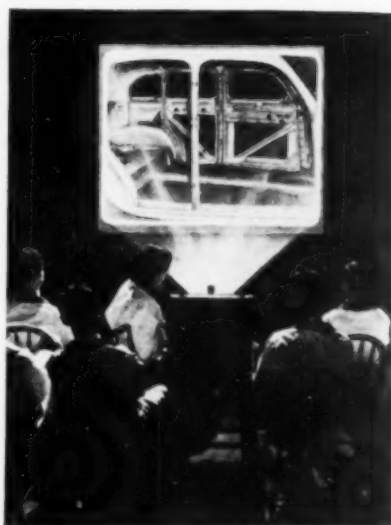
To enable high school graduates to learn a trade, while retaining their interest in education, the Ford Motor Co. is operating a training department at the Rouge plant at Dearborn, Mich., where 200 students are given three months of shop experience, 800 students being handled a year.

Students are chosen from a list of graduates of high schools in metropolitan Detroit. Upon enrollment each student is put on work for which he is thought to be best fitted. Courses are given in tool and die work, electrical work, heat treating, welding, chemistry, metallurgy, and auto mechanics.

Modern equipment is used, so that each student acquires the best knowledge and attains the greatest efficiency in his particular line of work. Boys are acquainted with various types of machinery and materials, safety rules, and Ford efficiency methods. All work done is practical, the materials turned out being used in the tool and die divisions and in general maintenance groups throughout the plant.

In addition to practical shop instruction, each boy attends classes in the Ford apprentice school, where he is taught related subjects.

Boys range in age from 17 years 9 months to 20 years (to conform to Michigan laws for minimum age). After training period is ended, they are placed in the Ford plant on jobs to which they are best adapted. While in training, they receive 55 cents an hour. Upon entering the plant, they get a minimum of 75 cents an hour.



**SOUND SELLING**—Chrysler Corp. service men throughout the country are getting visual instruction through sound film. This series is produced by Plymouth, illustrating and discussing various phases of service work. The company reports this method of teaching much more effective and thorough than the use of text books or lectures for the same job.

## Local Labor First

**Pontiac executives, reopening their foundry, avoid bringing skilled men from outside.**

IN many communities a shortage of skilled help exists, yet importation of experienced workers is resented by the townspeople. The Pontiac Motor Co., in reopening its foundry, which has been revamped, solved this problem by hiring local untrained people in Pontiac, Mich., and putting them through a training program while they worked.

About 85% of the core-room workers and 60% of the foundry workers were inexperienced when hired. Three foremen, brought in from outside, and a small crew of experienced foundry employees from Pontiac made up the nucleus of the working force.

As rapidly as new employees developed outstanding ability, they were put on the floor as crew leaders to instruct other new employees. When each new line went into production, some of the trained employees were shifted from the small parts line and mixed in with inexperienced workers on the new production line. Their places in the small parts line were taken by untrained help.

This training policy has worked out satisfactorily in providing sufficient experienced men to run six production lines. After three months of operation, on Apr. 15 the scrap losses were down to 4%, a record of which many established foundries would be proud.



## New Products

New things, new designs, new packages, new manufacturing and marketing methods.

In asking further information on new products or submitting data on newer ones, address *Business Week's* Chicago offices—520 N. Michigan Ave.

FORSBERG MANUFACTURING CO. announces a new automatic screw driver that has a specially-designed positive lock to facilitate operations when driving home screws in hard woods or when removing rusty ones. It may be used in rigid position when desired, is made in three sizes and sells at a popular price.

NATIONAL ELECTRIC PRODUCTS CORP. announces Superduct as new corrosion-resistant conduit which is made from a new non-ferrous, non-magnetic alloy. It weighs approximately a third as much as steel conduit of equal size, may be cut, threaded, bent and installed with the same tools, is claimed to have greater electrical conductivity than copper-silicon-manganese alloy, complies with the National Electrical Code and has been approved by the Underwriters Laboratories. A complete line of conduit fittings is also available.

THE new Mor-Light adapter announced by Westinghouse Lamp Co. is made of light-weight, breakage-proof, molded plastic, screws easily into place after the lamp has been removed, transforms existing plain direct-light lamp lighting into modern indirect illumination, permits the use of higher wattage lamps and sells at a popular price.

THE new 30-gallon storage-type electric water-heater, announced by Electromaster, Inc., is of table height, permitting the porcelain-enameled top to serve as a kitchen table and making the unit suitable for inclusion as a part of any modern assembly of kitchen sink, range, washer and cabinets.

PACKAGE MACHINERY CO. announces a new automatic machine for applying sanitary, tamperproof cellophane hoods to milk bottles. It takes up less than a square yard of floor space, is electrically driven, handles bottles of any size at speeds up to 27 per minute and was particularly designed to meet the needs of medium-sized dairies, which have no need for elaborate and costly high speed filling equipment.

ELECTRIC MOTORASER is advertised by Keuffel & Esser Co. for use by draftsmen and artists. It is small, fits into the palm of the hand, has fingertip switch, can be directed as accurately as pencil point, does erasing rapidly and completely, weighs only six ounces.

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FOR THOSE CUSTOMERS . . .**

**But you would rather  
have the customers.  
You can have them,  
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Many advertisers prevent this loss. They don't vaguely say, "See our nearest dealer." They insure their advertising, as Page Fence does for example:

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Wichwire Spencer Steel Co. 317 N. 11th St. CH. ext. 274

**Chain Link Fence**  
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**Iron Fence**  
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1000 Main St. N.Y. 100

# Another Gay Year Coming

**Reelection of Charles R. Gay and his good will administration is unopposed on New York Stock Exchange. Everything is smooth as silk now.**

It has been a Gay year on the New York Stock Exchange. And another one is promised. For on May 11 Charles R. Gay, president of the exchange for the past year, goes into the annual elections unopposed.

The Stock Exchange election this year is in decided contrast with that held on May 13, 1935. This year, in addition to complete absence of opposition to Mr. Gay, not only on the actual slate but also in the nominating committee and among the general membership, there is an uneventful contest for the roster of 10 governors. To be sure there are two independent nominees, but these involve no cleavage in attitude among members. They are simply extras who are popular.

## Last Year Was Different

It was entirely different last year. The pre-election atmosphere around the Wall Street works was supercharged with factional electricity, and a multi-volt streak of lightning was only averted when the old guard president, Richard Whitney, stepped out of the race in deference to the new order represented by Charles Gay.

At that time an old guard slate of governors was elected, but it ceased to be an old guard affair as the Gay régime began to roll more and more smoothly along. Practically everybody is a Gay proponent now and the family is living in perfect peace.

Two important rough spots in Exchange life have been macadamized in the Gay year. First, the tangle of none too friendly groups within the membership has been smoothed and braided until now a specialist and a bond man, an office man, or a two-dollar broker are seen at lunch together and no one is shocked. This miraculous result was attained by a policy of internal public relations for which the president may rightfully lay claim to a healthy share of the credit.

## Rising Markets Help

The second ragged spot was in external public relations—the chasm between the Exchange and the public. It is hard to convince people that the wheel on which they have lost their pokes is a pure thing, wholly without hidden buttons and electrical influence. But by the grace of rising markets (the stock market is up 50% in a year), an expanded public relations department, and the traveling neighborliness of the president, the Exchange has done itself a lot of good.

The old guard might have got along all right with the Securities and Exchange Commission, but it is a cinch the new guard has. The SEC has preferred charges of market manipulation against four security firms in the past year. In no case has the alleged irregularity taken place on the New York Stock Exchange.

The business conduct committee of the Exchange has been functioning



**STOCK MARKET ENVOY**—Charles R. Gay, New York Stock Exchange president, finishes his first year in office with a record of three cross-country treks selling the Stock Exchange story, the earned admiration of the Exchange membership, and a large bundle of kindly feeling both within and without the Exchange. On May 11 he is slated for reelection to office with no opposition whatever.

like a clock. Every investigation during the past year was a vindication of Exchange control of its own processes. There has only been one suspension, and in that instance the Exchange acted 10 days before anyone else, including the New York State attorney general, got to the case.

## Sacred Floor Wide Open

Under the Gay rule, the Exchange has been spilling secrets with a lavish swish. The once sacred floor of the Exchange is wide open to anyone who has reasonable business watching the mechanism click.

Out-of-town stock people have been encouraged, even solicited, to come down and watch the thing work. In contrast with the old days when the floor members, having paid large hand-fuls of cash for memberships, were inclined to look upon the market as their private business, office partners of member firms are now given a loud voice in affairs.

An office partner is the head of a new committee which is working on one of the weak spots of the entire market system—the customers' man. A real effort is being made to improve this breed of salesman so that he will be a little less apt to warble unconsidered advice into the telephone and get customers snarled up in the cat-and-dog division of the list.

## Sold on Education

Mr. Gay is thoroughly sold on the stock market as a vital economic instrument. When politics started kicking the business around in 1934 and when the floor crowd worked up some natural resentment, Mr. Gay took the opposite tack. He favored education rather than resistance.

He is no freshman at the business. Sixty-one years old, he has spent his last 35 years in the Stock Exchange, 17 of them with Whitehouse & Co., of which he is now senior partner. He is a six-footer, bulky, smokes a lot of cigarettes, and likes to talk to people.

An old Brooklyn resident, he is mixed up in dozens of civic, community, and church activities. Has been a member of practically every Stock Exchange committee. Usually arrives at committee meetings fifteen minutes late and apologetic because he has been talking things over with some visitor and has been too interested in his views to dismiss him.

## Tours to Inform Trade

He is a little embarrassed by the gross tonnage of newsprint devoted to his speeches in the past year. The speeches get the publicity, but the main reason for his tours is the presentation of stock market information to the financial trade wherever the route takes him.

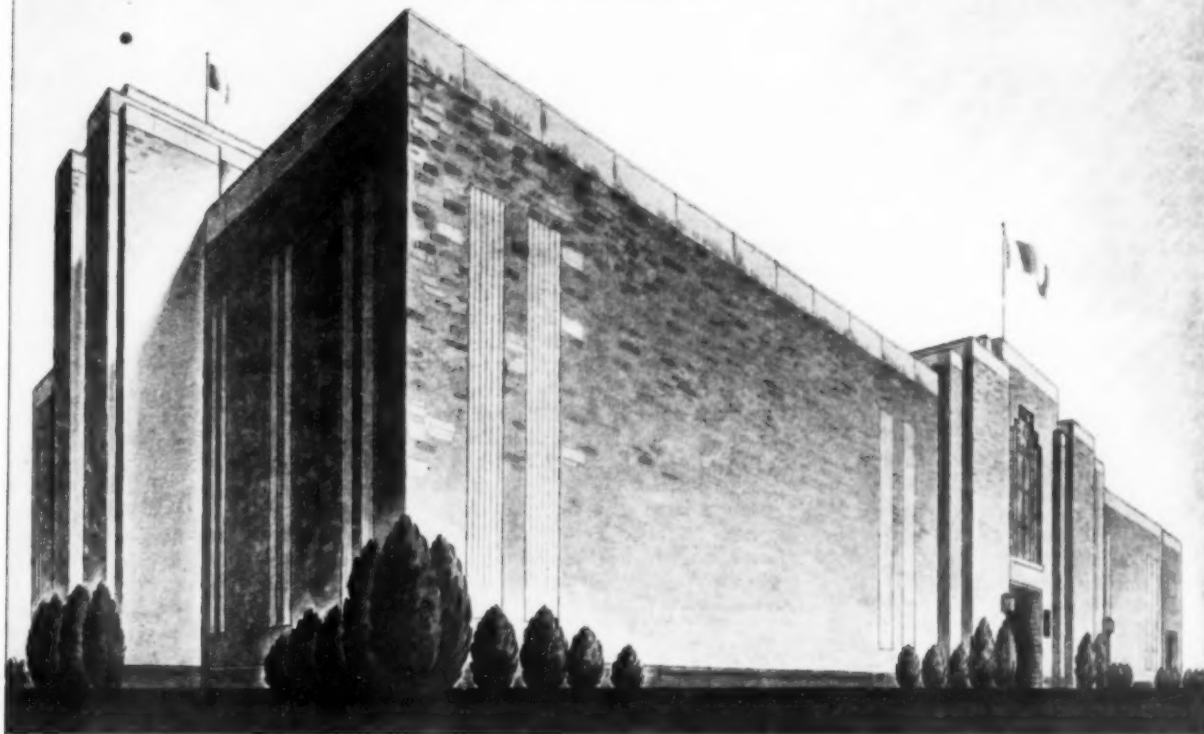
He always carries a whole troupe of people along, a specialist, a bond man, an odd-lot man, and so forth, who explain and answer questions at financial get-togethers.

Then, after these meetings, if the local chamber of commerce wants a speech, he gives it to them and winces when the papers pick it up and add one more peg in the reputation he has got for spouting.

Fortunately he likes to talk about things and especially about the Stock Exchange. It makes him what he is—a good will ambassador who has made good for the stock market.

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## Completely Air Conditioned by York

WITHIN THE WALLS of this new building employees of the Hershey Chocolate Corporation are surrounded by complete man-made comfort. Light is controlled and kind to the eyes. Noise is banished. Even the air is washed and filtered before it enters . . . cooled and dehumidified in summer . . . heated and humidified in winter.

Here is a triumph of scientific pioneering with which York is proud to be associated. It is another York "first." As a milestone of air conditioning progress it ranks with York's use of Freon in the U. S. Senate Office Building, where, for the first time, this safe refrigerant was applied to a large air conditioning system.

Through its force of more than 3100 men devoted solely to *engineered* mechanical cooling York is constantly contributing to the science of air conditioning and refrigeration. Again and again pioneering by York has later become standard practice throughout the industry. York was instrumental in establishing the "standard ton," the yard-

stick by which all engineers today measure the output of refrigerating equipment. York contributed materially to the introduction of air conditioning on the American Railroads. And, as "Headquarters for Mechanical Cooling," was among the first to bring the benefits of air conditioning to all types of business and industry.

But York leadership does not end with research and manufacturing thoroughness. Through Headquarters Branches in every important center of demand, it provides complete *engineering* service on air conditioning. York men not only sell, but engineer air conditioning to fit each individual job, whether it be a small store or a windowless building.

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HEADQUARTERS BRANCHES THROUGHOUT THE WORLD

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# YORK

Headquarters for Mechanical Cooling Since 1885

AIR CONDITIONING • REFRIGERATION



# Auto Parts Makers Branch Out

**To get year-round production and avoid dependence on a single industry, they are producing a multitude of other goods.**

ALTHOUGH prosperity has returned to the automobile industry and profits this year promise to be satisfactory, automobile parts manufacturers are expanding their activities into non-automotive markets.

They are doing this because they want to employ their plant capacity the year round if possible instead of during certain seasons only, because some of them still have idle factory space despite marked recovery in the automobile industry, and because they will be less dependent on the ups and downs of a single industry.

## Trend Toward Concentration

The trend in automobile manufacturing in late years has been toward greater concentration in the hands of three companies—General Motors, Ford, and Chrysler. The parts people don't think this development is anything to cheer about, realizing it means more intense competition and greater dependence for automotive business on fewer sources.

The search for new and desirable products has taken parts manufacturers

far afield from previous operations. Many have gone into markets allied with the building industries, having developed such products as stamped-steel plumbing-ware, steel-frame houses, and radiators.

Others produce and sell domestic appliances, such as oil-burners, refrigerators, and gas and electric ranges. At least one the (Edward G. Budd Mfg. Co.) has pioneered in the fabrication of stainless steel trains.

The Briggs Manufacturing Co., of Detroit, has been conspicuous among companies branching out into new products. It spent large sums over the past three years perfecting a line of stamped-steel plumbing fixtures, including bathtubs, lavatories, cabinets, and sinks.

These fixtures weigh about one-third as much as cast-iron products, are available in various colors at no extra cost, are easily installed and handled, and are priced competitively. Sold at first through a large mail-order house, they are now marketed exclusively through plumbing distributors and dealers. The production equipment is housed in a

separate division at the company's Hamtramck plant in Detroit.

The Motor Wheel Corp. at Lansing, Mich., formerly made only motor car wheels and brake drums. During the depression, when business was slack and overhead high, it went into the production of oil burners and more recently of gas and electric ranges. It has set up a special department to cover its non-automotive activities.

The Midland Steel Products Co., one of the important automobile frame fabricators, is now building kerosene refrigeration units for Sears, Roebuck & Co. and is reported as planning to market a new type of gasoline pressure stove.

## Refrigeration for Trucks

The McCord Radiator & Mfg. Co. for some time has been widening its operations to embrace industrial air-heating units, metal grids for electric refrigerator ice trays, and lubricating systems for machinery. It has also been experimenting successfully with refrigerating equipment for motor trucks.

Considerable diversification has been achieved by the Borg-Warner Corp., partly through its Norge Corp. in refrigeration and through the Detroit Vapor Stove Co. in the domestic appliance industry. The newest Borg-Warner product is a bicycle of novel design which eliminates conventional pedaling.

Because independent car manufacturers have suffered heavy inroads on their business by the Big Three since 1929, the Continental Motors Corp. has had to look for other products to take the place of the gap left in its plant capacity. It has pushed its airplane engine division and has lately acquired the farm lighting division of Westinghouse, the products of which will be made at its Muskegon, Mich., factory.

The Mullins Mfg. Co. at Salem, O., which has long fabricated sheet metal parts for automobiles, is now making stamped-steel kitchen cabinets for the Whitehead Metal Products Co. The Timken-Detroit Axle Co. started in 1932 to make oil burners, merging with the Silent Automatic Co.; it has become a powerful factor in the oil-burner industry.

## Others Diversified

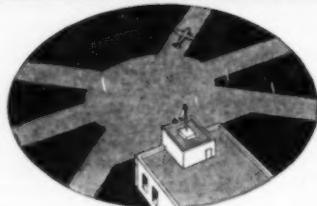
The Houdaille-Hershey Corp. has been building refrigerator parts since 1933. The Kelsey-Hayes Wheel Corp. has as a subsidiary the Stran-Steel Corp., which markets an all-steel prefabricated frame house using a patented design. The steel is fabricated in the Kelsey-Hayes plant in Detroit.

The brewing industry has furnished a market for two companies. The Murray Corp. experimented with steel beer barrels, and the A. O. Smith Corp. builds beer storage tanks as well as pressure vessels. Sparks-Withington

### KOPPERS AND THE Aviation INDUSTRY

Koppers Tarmac makes safe high-speed runways and airport surfaces. Koppers Creosote enables drainage culverts, guard rail posts and other construction and maintenance lumber to resist decay and termites. Koppers chemicals are used in the manufacture of synthetic resins, dyes, colors, artificial leather and aeroplane dope, and as solvents for use in plane finishing. Koppers Benzol is used in anti-knock motor fuel.

**KOPPERS PRODUCTS CO.**  
PITTSBURGH, PENNSYLVANIA



1. Tarmac for Roads 2. Roofing Materials 3. Waterproofing Materials 4. Bituminous Paints 5. Creosote for Wood Preservation 6. Light Oils 7. Tar Acids



**RECORD BUSINESS**—Leopold Stokowski (right) and the Philadelphia Orchestra are on an 11,000-mi. trip, giving concerts and boosting sales of RCA-Victor records. Dealers and distributors in 27 cities will join in promotion. Mascot is the latest listener to "His Master's Voice," here shown in the arms of Thomas Joyce, RCA-Victor advertising manager. The other man is Charles O'Connor, associate conductor and musical director.

has gone in heavily for electric refrigerators to augment its automotive parts and radio business.

Diversification, in one case, has extended to a division of an automobile manufacturer. The bodies and all the sheet-metal parts for Auburn and Cord cars are made by the Central Mfg. Co., an Auburn subsidiary at Connersville, Ind. This company started out recently to fabricate kitchen shovels, theater seat parts, and window shade parts. It enlarged its stamping business until today it builds metal wall cabinets, kitchen cabinets, kitchen sinks, under-sink cabinets, refrigerators and coolers.

The Central Mfg. Co. does not attempt to merchandise these products, but makes them on contract for mail-order houses and large jobbers.

Diversification isn't as simple as it sounds, say some automobile parts people. Automobile manufacturers demand that equipment be held in readiness to take care of their peak business whenever it comes; hence its employment for other products may get a parts manufacturer into a bad jam.

Some other products, such as refrigerators, are about as seasonal as automobiles, with top demand occurring at the same time of year. This means that in many cases special equipment, requiring substantial capital outlays, must be installed for non-automotive production.

## Full Up

**Cleveland has critical shortage of homes, inventory reveals.**

CLEVELAND'S 1936 real property inventory, just completed, shows a critical shortage of homes. Since 1932 an annual survey has been made of every house, lot, building, family, and business.

With 314,220 family housing units in metropolitan Cleveland, only 3.1% remain vacant. To take care of these 8,851 extra families, doubled up in one-family dwellings, there are now 9,765 vacant units, of which 8,805 have been declared unfit for habitation. In the past four years, 3,004 units have been torn down and only 2,417 new ones created by new construction or remodeling. There were 12,642 families doubled up in 1932, when 9% of the units were unoccupied.

Meanwhile, metropolitan Cleveland has increased in population by 6,139 families since 1930. And while residence construction last year grew by 193% over 1934, it was still only 3% of the 1924 pace. Local authorities believe that large developments in home building must soon come of necessity.

Office space is still overbuilt. There is a 28% vacancy in Cleveland's 521 office buildings. Of the store units, 12% are unoccupied, but vacancy is decreasing.



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by **JOHN K. CRIPPEN**

Manager, Advertising Department, L. B. Allen Co., Inc.

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# News Flashes... from

## McGraw-Hill Editors See New Profit Opportunities in Capital Goods Markets

Materials and Equipment Sales Trend Upwards as Production of Durable Goods Speeds Up

First Quarter Figures Impressive

### METAL WORKING



K. H. CONDIT  
Editor  
American  
Machinist

65% of the metal-working machinery of this industry is over 10 years old. In other words . . . obsolete! And the Industry knows it!

This startling figure, developed by American Machinist's 1935 Inventory, clearly shows how five depression years have dammed up the normal flow of capital into new and improved machinery.

Since the remarkably successful Machine Tool Show last fall, many equipment manufacturers have been working double shifts, some even three shifts. Domestic sales of machine tools are now reported to be running at the highest levels since 1929. And there is every reason to believe that the replacement of obsolete machines will be accelerated in the coming months.

In the first place, improvement in the durable goods industries, long over-due, is getting under way at a gradually increasing rate. This means expansion of plants, retooling, and the purchase of an increasing volume of accessories and supplies. Second, Social Security legislation gives an added incentive to install the most efficient cost-cutting equipment on the market. Next, because of the unsettled conditions in international affairs, there is a growing interest in National Defense. This will probably involve increasing orders for military, naval and aeronautical equipment. Finally, practically every automobile manufacturer has designs on the drafting boards for a rear-engine job, a coming development which will mean extensive re-tooling of the automotive industry when the time is considered ripe to release this particular innovation to the consumer market.

The metal-working industry as a whole is keenly alive to the profit possibilities that lie ahead in the coming years of business recovery. This industry is intensely interested in modernizing, from the practical self-interest standpoint of business profits. It will respond, with orders, to sales appeals based on the clean-cut presentation of the benefits to be gained by replacing obsolete machines with modern ones.

Heralding the upturn in the capital goods industries, practically all business barometers show substantial gains. Industry's 12 Major Markets are rebuilding and expanding on a broad front. Recent disastrous floods in several of the busiest industrial areas have greatly accentuated the demand for new equipment, machinery and maintenance supplies.

These pages present some of the outstanding facts and figures on the opportunities ahead in five of Industry's 12 Major Markets. They lead to the inevitable conclusion that 1936 offers unprecedented sales opportunities to manufacturers of cost-cutting, profit-producing materials, machines and services.

### ELECTRICAL INDUSTRY



L. W. W. MORROW  
Editor  
Electrical World

All branches of the electrical industry are enjoying increased sales this year and this up-turn is expected to continue. Electrical manufacturers expect a 21 percent increase over 1935, equivalent to a turn-over of more than \$3,000,000,000.

The popularity of electricity and electrical products in the home and farm is causing an unprecedented increase in sales of wiring, appliances and distribution equipment. A revival of industrial plant expansion and modernization, especially in the steel, metal-working and chemical industries has brought large orders for heavy electrical equipment. Utility load growth in all classes of service is causing a large increase in utility buying of generating capacity and distribution apparatus. It is expected that the revival of building activities will bring more business this summer. In addition, government power projects and naval building have increased business.

Despite the enormous use of electricity and electrical products in this country the markets are far from saturated. Nearly 6,000,000 radio sets and 2,000,000 electric refrigerators will be sold in 1936 despite many previous years of selling. Electric ranges are now gaining in favor and a large increase in range business is expected this year.

Utility capital expenditures for 1936 are estimated to be \$371,000,000 as against \$237,000,000 in 1935. They will order new station capacity of about 1,000,000 kw. in steam turbo-generators to serve the large load increases they are now experiencing and will make many additions and extensions to existing facilities.

The electrical market is enormous with 21,200,000 homes, 3,770,000 commercial establishments, and 364,000 wholesale and industrial users. With such a favorable public and economic acceptance of electrical products and services and such large markets, the electrical industry is optimistic about its future. This

opinion is reflected in investment and financial circles to give the industry a favorable credit position. With favorable and stable price levels the industry looks to a year of profitable business with a large increase in volume.

### PROCESS INDUSTRIES



S. D. KIRKPATRICK  
Editor  
"Chem. & Met."

New products and processes are emerging in a veritable flood from the research laboratories of the process industries. Significantly, more of these are going into large-scale production than at any time since 1930, despite the fact that this group of manufacturing industries showed a remarkable record of activity all during the depression.

This transition of processes from laboratory to plant is calling for heavy expenditures for capital goods. Construction of new chemical plants will run at least 35% ahead of last year's figure of over \$75 millions, according to a recent analysis of projects. New plants obviously call for tremendous capital investments.

Cheaper raw material sources are opening up vast markets for new plastics, synthetic resins, refrigerants for air conditioning, volatile solvents, insecticides and fungicides—many of which were formerly derived from vegetable or other natural sources. Ethyl alcohol, acetone and acetic anhydride—all standard chemicals of commerce—are being produced from petroleum gases which were formerly wasted or used only for fuel. The technology of paint and varnish, turned upside down 10 years ago by the advent of quick-drying lacquers, is again experiencing vital changes as the result of new synthetic resins, pigments and emulsions that improve quality and reduce costs.

The gospel of the research laboratory—more goods at lower prices—is being practiced as well as preached in the process industries. Inherent flexibility in technology, diversity of products and markets, and aggressive, resourceful management have combined to give this group of manufacturing industries an envi-



# the Industrial Sales Front

able record of past performance and a sound basis for future growth and development.

## FOOD INDUSTRIES



L. V. BURTON  
Editor  
Food Industries

A food plant is nothing but the enlarged shadow of the old homestead kitchen. Instead of feeding a family of ten it feeds a family of tens of thousands. If one will just remember this rather homely fact it will be difficult to envision anything but a rosy future for the food industries. The tendency is greater than ever to help the lady of the house spend fewer and easier hours in her kitchen.

With commodity prices rising—food manufacturers cannot look forward to any great relief from high manufacturing costs except through the use of cost-reducing machinery and equipment. Self-preservation demands that selling prices be kept as low as possible to avoid shifts of consumer demand. Inside food plants the adoption of air conditioning, electric refrigeration and improved ventilation systems is causing radical changes in manufacturing operations. *Manufacturers who can show how their equipment will reduce the costs of handling, storing, processing or packaging food products can be assured of a responsive market.*

Another reason for anticipating increased buying is this: When the consumer tightened his belt, the food industries tightened up on its maintenance program. But it is impossible to operate a worn out plant on the narrow profit margins in the food business, so the first sign of reviving consumer income has resulted in increased maintenance and renewal programs. We estimate that there still is a 5-year backlog of replacement program in the food industries.

*As the first quarter closed, 1936 purchases of new equipment, in the food industries, were estimated at \$125 to \$150 millions, a 20% to 25% increase over the very satisfactory showing made by these industries in 1935.*

## TEXTILE INDUSTRY



D. G. WOOLF  
Editor  
Textile World

*Purchases of machinery and equipment by textile manufacturers in 1935 were approximately \$80,000,000 and trending steadily upward. That this sales volume, still below 1929, will continue to accelerate is indicated in several ways. For instance, sales during the last half of 1935 were considerably ahead of the first half. 1936 opened strong and demand is still moving upward.*

This expanding market is a direct result of the marked technological development of re-

cent years. Particularly in the past five years, improvements in equipment have come so rapidly as to make obsolete even those new plants of the post-war expansion period. Practically all equipment purchases have been for modernization purposes.

*Textile manufacturers are becoming more profit minded and are keenly aware that continued profits must come from modernization of equipment. Food and clothes are basic to life—both respond sensitively to increased purchasing power in the hands of consumers. From every viewpoint, the textile industry represents a fertile field that will continue to improve for the manufacturer of equipment and supplies that will cut costs and increase profits.*

Advertising—the mass production sales tool—can help you win a greater share of the orders now being placed in Industry's 12 Major Markets. With advertising you can accomplish many of the necessary steps to increased sales, faster and more economically. Advertising—in the right media—calls on all the worth-while buyers in each field, calls regularly and at the lowest cost per call.

A McGraw-Hill representative will be glad to bring you a copy of our book "The Mass Production of Sales" and give you specific information on the sales opportunities in the fields you sell. He can also furnish you with information and data from the McGraw-Hill survey of the industrial losses in the recent floods, and the unexpected sales opportunity created thereby.

*Reprints of this advertisement are available and will be mailed on request. Perhaps your salesmen can use them to help sell more equipment to business and industrial companies.*

THE TIME IS RIGHT...THE NEED IS EVIDENT...THE MONEY IS AVAILABLE...

# Let's Rebuild America!

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COAST-TO-COAST CLAIM SERVICE

## Japanese "Menace"

**Sells cheap goods here, but accounts are small. And Japan is our third best customer.**

ANKLETS at 5¢ a pair; stemmed glassware in all the chain stores at prices which American manufacturers can't possibly meet; rag rugs in scatter sizes and at unbelievably low prices—these are only three samples of the scare which Japanese imports have stirred up in the United States.

Another sample grows out of the announcement by Libbey-Owens-Ford that Japan is producing more window glass than either the United States or Belgium, which heretofore have been the world leaders. There's small comfort for producers here with an eye on foreign markets in the revelation that American shareholders will benefit from Japanese expansion through control by Libbey-Owens-Ford of the largest single Japanese plant.

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Alarming as the prospect of an invasion of Japanese goods seems in view of these samples, trade figures still fail to show that imports of competitive goods have reached alarming proportions. They are actually puny.

The United States Tariff Commission has just finished a careful study of our trade with Japan—in both directions.

Japan, it reveals, is one of our star customers. Only the British and the Canadians buy more from us. Out of every \$100 worth of goods which we sell to foreigners, \$9 worth goes to Japan. Although total sales to Japan last year were smaller than in 1929, they were a far larger part of our exports.

### Biggest Raw Cotton Market

Another thing which the Washington officials who must handle the Japanese problem can't forget is that Japan is our biggest market for raw cotton. Since cotton is our largest single export (it accounts for 17½% of all export business), and since it is the main source of income for all the Southern states, its best market for the commodity must be treated with some consideration.

Besides raw cotton, Japan buys from us vast quantities of crude petroleum and of manufactured or semi-manufactured metals. Since these commodities, which represented about 80% of the total value of American exports to Japan in 1934, are all available in world markets, Japan can shift its purchases elsewhere without serious difficulty. That's another reason for giving the Japanese trade problem full consideration here before acting.

Most revealing in the Tariff Commission study, however, is the negligible volume of competitive Japanese goods reaching this country. Without denying that the American price structure has been seriously upset by small imports of certain items, the commission reveals actual import figures for 1934 to show how small the business is when compared with both our total sales to Japan and the volume of the domestic industry with which the Japanese goods competes.

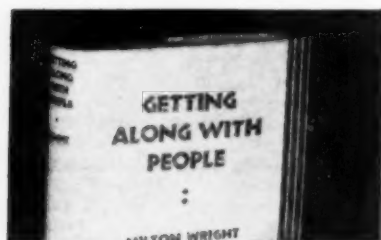
### What Japan Sold Us

Imports from Japan in 1934 were worth nearly \$118,000,000. Of these goods, about \$84,000,000 was raw silk, tea, special undressed furs, and a few items not produced here.

The remaining 27% of Japan's sales in this market paid a duty, but only 8% of them—or \$9,713,756—were items directly in competition with American manufactures.

The United States has already restricted imports of nine items in this group. These are principally canned fish, cotton rugs, and rubber footwear. Imports in 1934 amounted to a little more than \$3,000,000.

For another group of imports, mainly dishes, toys, matches, and miniature elec-



## Do people like you instinctively?

Do you want to impress them favorably, get along well with them, influence and lead them? Today, to be successful in almost any field, you must know how to deal with people—you must be able to win their friendship, their respect and their cooperation.

Now there is a new book that shows you how to acquire this ability. Sound and practical, this book deals with the sort of problems in meeting and handling people that you face—gives plain methods and suggestions that will fit into your experiences with people—shows how to make your contacts smoother, pleasanter, more resultful.

**GETTING ALONG WITH PEOPLE**, by Milton Wright, tells you precisely what to do and say, and why you should do it, to secure the results you want in countless situations in business and social life, in everyday contacts, and in important situations with a major bearing on your life and happiness. With many practical examples and with illustrative problems that Wright helps you work out, he shows you:

- how to read character
- why people will like you
- how to adapt yourself to the other fellow
- how to attract attention
- how to establish right relations
- how to build reputation
- how to use suggestion
- when to bluff, to reason, to use humor
- how to say no
- how to become a leader

- how to get along with others
- how to secure effective cooperation of superiors, associates, subordinates, friends and acquaintances
- how to meet people properly and deal with them smoothly and efficiently

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tric light bulbs, imports are already declining. These imports in 1934 were valued at \$4,000,000.

A final group includes many things, from sun goggles to celluloid combs. Imports of no single item ran to more than half a million dollars in 1934, and the total was slightly more than \$2,000,000.

A few American industries are bound to be plagued by Japanese (and other) competition every year. Their cases re-

ceive thorough consideration by the Tariff Commission, which sometimes grants additional protection, but sticks to the policy of making each move carefully.

The commission seems to think that Japan, particularly, has become too important a customer—and one already buying more from us than she is able to sell in the American market—to permit any hasty action which could justly antagonize the officials in Tokyo.

## Puerto Rico Can Be Free—If

**Administration's offer of independence is window-trimming for Pan American conference. Puerto Rico can't afford to accept the terms of the offer.**

WASHINGTON'S offer to free Puerto Rico if the islanders want it is fundamentally little more than window trimming for the coming Pan American conference.

*Business Week* does not mean to imply that the United States would not carry out its offer if the bill passed in Congress and if the Puerto Ricans voted in favor of severing their ties with this country. It means simply that the best-informed authorities in this country feel confident that Puerto Rico cannot afford to sever its connections with this country under the terms of the proposal.

That being the case, the whole scheme appears to be mostly a gesture to prove to the Latin American countries which will assemble for the Pan American conference in Buenos Aires this summer that the United States has no intention of forcing its sovereignty over any territory when the people in those lands no longer wish it.

With Cuba and the Philippines, Puerto Rico was one of the "prizes" of

the Spanish-American war. Our ties with Cuba were severed first. Last year, the Philippines became a commonwealth which, during the next 10 years, will gradually attain economic and political independence of the United States.

Economically, Puerto Rico is more dependent on the United States than Cuba or the Philippines ever became. More than 95% of its exports go to the United States, compared with about 70% at the time the island was acquired. Our main import is sugar, with tobacco, needlework, and fruit the other most significant items.

There are three political parties in Puerto Rico—National, Liberal, and the government party, known as the Coalition. The first two have campaigned for independence, but out of a total of 400,000 votes in the last election (1932), fewer than 6,000 were polled by the two opposition parties. These results are known in Washington, and are the basis for the strong feeling that the



**ANOTHER GOOD NEIGHBOR**—Dr. Miguel Mariano Gomez, president-elect of Cuba, is greeted by Sec. of State Hull upon arrival at Washington. Dr. Gomez praised the "good neighbor" policy of the United States, reported that Cuba's economic situation was improving and predicted close cooperation by business men of both countries in reciprocal recovery.



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




















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# FIRST QUARTER ROUND-UP

1936 Compared with 1935

Business Week's Index of General Activity +11%

PRODUCTION		TRADE		PRICES	
 Steel	+10%	Check transactions:	+20%	Wholesale prices:	+ 1%
 Automobiles	+ 2%	N. Y. C.	+23%	 Farm products	-0.3%
Construction:	+83%	140 Cities	+16%	 Food products	+ 1%
 Residential	+74%	Carloadings:	+ 5%	 Hides and leather	+1 2%
 Non-residential	+117%	 Grain	+21%	 Textiles	+ 2%
 Public works and utilities	+58%	 Livestock	- 8%	 Bldg. materials	+ 1%
 Lumber	+34%*	 Coal and coke	+ 7%	 Chemicals	-0.5%
 Electric power	+12%	 Forest products	+19%	 Metals	+ 1%
 Hard coal	+ 8%	 Ore	+51%	Raw materials	+ 2%
 Soft coal	+ 1%	 L. C. L.	- 3%	Semi-manufactures	+ 4%
 Petroleum	+11%*	 MISC. Miscellaneous	+ 7%	Finished products	+ 1%
Oil wells drilled	4%*	Machine tool orders	+81%	 Construction costs	+ 2%
 Textile mill consumption:		Cement shipments	+33%	 Dept store prices	+ 2%
Cotton	+ 9%	 Paint, varnish, lacquer sales	+ 2%*	Cost of living:	+ 3%
Silk	-20%	 Passenger car sales	+22%*	 Food	+ 4%
Wool	+14%	 Truck sales	+23%*	 Housing	+10%
Rayon	+10%	 Household refrigerator sales	+32%	 Clothing	- 3%
 Cigars, cigarettes	+12%	 Washing machine sales	+21%	Fuel and light	-0.1%
 Factory employment	+3%	 Oil burner shipments	+58%*	Sundries	+0.5%
Factory payrolls	+ 8%	 Retail trade:		Stock prices	+62%
		Department store sales	+ 6%	Bond prices	+ 6%
		Variety sales (5¢-\$1)	+0.1%	 Farm income	+ 7%
		Rural sales	+ 7%	Dividends	+19%
		Life insurance sales	- 8%		

\* Preliminary

Business Week

Puerto Ricans will not vote to separate from the United States.

In justice to those Puerto Ricans who are wholeheartedly behind the independence movement, it should be admitted that Sen. Tydings' bill, which has Administration support, is a difficult one to fight. It provides for a plebiscite in November, 1937. If the Puerto Ricans vote for freedom, the government will immediately be organized on an interim commonwealth basis and prepared to take over full control within four years.

#### Rapid Rise in Duties

By the second year of the four-year transition period, exports to the United States would pay duty at the rate of 25% of the normal schedule. During the third year, this would increase to 50%; and to 75% in the fourth year. After that, Puerto Rican products entering the United States would be treated on the same basis as those from any foreign country. Immigrants would also come under the general rule for aliens, which would be a blow to overpopulated Puerto Rico. Our naval bases on the island would be all that would remain of American control.

Puerto Rico is almost entirely dependent on the United States as a market outlet, and this is in part due to a policy carefully cultivated over the past 35 years. It would be impossible for a backward island almost completely dependent on one crop to readjust itself to this changed status within four years.

#### What the Bill Does

In justice to the officials in Washington who framed the bill, it should be admitted that none of them believes that the majority of the Puerto Ricans really want freedom now. The plan to grant them statehood is not abandoned, though it may be postponed until this matter is settled. The new bill—and the plebiscite which it provides—will simply give the United States a fresh mandate to deal firmly with a terroristic minority without being accused of being an imperialistic oppressor by the rest of Latin America.

### France Going Modern

**Homes and restaurants use more electrical appliances, especially in Paris.**

PARIS (*Business Week Bureau*)—French business has shown evidences of recovery in many lines for more than four months, and the electrical industry is sharing in this gain. Electrical output last year was nearly 4% greater than in 1934.

Recently released data indicates that housewives are gradually easing their home duties by using electrical appli-

ances. At the end of September, 1931, only 16,000 electric stoves for household use were in service, though for all but 1½ million of France's 42 million people electric power is readily available. At the end of last September, 118,000 units of electrical cooking equipment had been installed in French homes. The biggest gains have come since 1933.

New apartment houses—many of them in Paris and its suburbs—have set the pace for electrical kitchens. The 267 largest electric distributing companies in France report that there are now 243 apartment houses entirely equipped with electrical cooking apparatus. These same distributors tabulate the various kinds

of electric household equipment that were being used in their territory during the past two years:

Item	1935	1934
Ovens	14,090	10,588
Stoves	38,463	21,234
Chafing dishes	58,874	43,655
Automatic cookers	6,455	5,974
Water heaters	46,000	57,000

Restaurants use much larger cooking units and have been electrifying rapidly. Against 272 restaurant kitchens completely electrified in 1934, there were 432 in 1935.

Little equipment is imported. Average cost of a three-burner and oven cooking unit for household use is about \$90.

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**POSITIVE DRIVES *bring* POSITIVE PROFITS**

TWO weeks ago, we announced an issue of FACTORY MANAGEMENT AND MAINTENANCE, dedicated to presenting facts to counteract the many current misconceptions so harmful to industry's continued progress.

A spontaneous acclaim, beyond anything we had anticipated, has come from hundreds of business men all over the country.

Why have these men so enthusiastically endorsed what we propose to do? Because they realize that misconceptions must be combated with facts, and that industry **alone** must do that job.

Industry has not put to work its greatest army of potential "salesmen"—an army of men eager to help.

They are the thousands who are in responsible management positions **in industrial plants**. The men who daily supervise industry's 7,000,000 workers. They are also the men who read FACTORY.

These are the men who ought to know the facts of industry. But do they? They know the technical side of their own jobs. They may know certain economics about their jobs. But that doesn't mean that they know the **economic** facts about industry as a **whole**.

Nevertheless, they are the men who are accustomed to putting facts to work. There is no group of men in America in a more strategic position to spread honest thinking about industry—and FACTORY is the one publication which serves this group of men throughout the manufacturing industry as a whole.

That's why McGraw-Hill selected FACTORY to carry the story of "What Industry Means to America" and is devoting an entire issue to the doing of that job.

In addition to its regular subscribers, August FACTORY will be made available to many other key executives in industry and those in other fields whose understanding and influence is vital to industry's future.

To provide facts clearly, quickly, without complicated theories or long-winded economic discussions to **all** those in a position to use them is the job we have set for August FACTORY.

FACTORY MANAGEMENT AND MAINTENANCE  
A McGraw-Hill Publication



75-27 "What Industry Means to America"



# Business Abroad

**Soviets prepare to buy railroad equipment abroad.  
Communist gains may force France to embargo gold.  
Japan will provide loans for small industries.**

POLITICS and monetary problems focused world attention this week. Poland placed an embargo on gold, a preliminary to outright devaluation or to a dual currency system should the government decide to maintain the internal currency at the old par.

The franc was weak following the strong Communistic swing in the first balloting for representatives to the Chamber of Deputies. Reaction on the pound sterling was not serious. British authorities, worried over mounting imports and the slow expansion of exports, may be willing to let the pound drop gradually to lower levels.

Devaluation became an issue again in Germany when the tension between Dr. Schacht and Nazi radicals came to a head with the appointment of General Goering as supreme economic dictator in the Reich.

## Germany

**Goering-Schacht team is not expected to last. Devaluation again becomes an issue.**

BERLIN (*Wireless*)—Business leaders are confused over the implications behind the appointment of Goering as dictator of foreign exchange and raw materials.

Dr. Schacht, who has held this post with strong Hitler backing, is a favorite with most executives and with the more conservative crowd in Germany. He is respected abroad, a factor of some importance to the Germans who are badly in need of credits and have been scouting in London during the winter in search of a loan.

Fundamentally, the appointment of Goering over Schacht may be nothing more than a tactical move to protect Schacht from the attacks of the radical Nazis. These have become so serious during the last few months that something had to be done (*BW*—*Apr 11 '36*, p43). Formally, the move ends the economic dictatorship of Dr. Schacht.

### Schacht on Spot

Opinion here is divided over the probable outcome. Goering has political aspirations, but is thought to have little desire for the responsibility of dictating details of the Economics Ministry. On the other hand, both men are self-willed and the combination may work for only a short time. With Goering definitely in the ascendancy, this would mean that ultimately the position of the economic and social extremists among the Nazis would be strengthened.

The change is not connected, at least directly, with the devaluation issue, but the latter now finds growing support



**FOR PEACE OR WAR**—Germany is fast completing a vast network of fine highways, ready for commercial traffic or troop movements. This double lane is part of the Berlin-Stettin road, just finished.

among the leading industrialists who feel that perhaps the time has come when it is better to devalue and regain the export advantage than to attempt to hold foreign markets through subsidizing exports with the proceeds of the heavy tax which Schacht has levied.

Hesitancy in financial centers following the swing to the Left in the French elections and the announcement of Goering's appointment will not be overcome until both situations are cleared up.

## France

**Swing to Left in France starts new gold drain, revives probability of gold embargo.**

PARIS (*Wireless*)—Last Sunday's balloting on candidates for the Chamber of Deputies produced just about the results that were anticipated. Because of the large number of candidates running, only about 29% of the seats were filled by representatives who received a clear majority on the first ballot.

Though Communists made the most

striking gains in the first ballot, they are not expected to show up quite so well in the next vote. Radical Socialists, in spite of their adherence in many cases to the Common Front, are not expected to support a Communist candidate in the final vote. This is likely to result in a government more radical than the outgoing one but one unable to muster sufficient support from the Common Front to put through a strong readjustment program. The need for support from parties further to the Right will probably produce a government little more able than the retiring one to win support for the drastic reform measures which it may feel are necessary in France now.

The drain of gold out of the country has been stemmed, but not before another billion francs had been exported. The discount on future francs indicates the lack of confidence which Frenchmen and foreigners have in the currency. A gold embargo within a month is a distinct possibility.

## Great Britain

**Business is unperturbed by tax increases. Shortage of skilled workers develops.**

LONDON (*Cable*)—Financial and industrial Britain continue to view the new budget with its tax increases calmly. Biggest stir has been caused by the revelation that news of the details of the budget leaked out ahead of time. Cabinet sources are blamed, rather than the civil service.

London is taking the French elections far more calmly than New York. The swing to the Left was expected. The British fail to believe that the extreme radicals will be able to win a sufficient majority to form a strong government without the support of several more moderate parties.

### Franc Dips

The British Exchange Equalization Fund is working hard to keep the spot franc stable, but the slump on forward francs indicates the real view in England that French financial authorities will not be able to avoid devaluation for many months.

London looks on the appointment of Goering as real overlord of the German Economics Ministry more as an effort to shield Dr. Schacht from the attacks of radical Nazis than as an affront. Schacht is expected to continue his control of German economy, with special emphasis on the accumulation of reserves of war materials preparatory to some move on Austria or Czechoslovakia. A demand for return of German colonies is expected to be made simultaneously, the whole to come at a time when Italy is involved in Africa, the British wholly absorbed with the Italian

problem, and the French completely involved with a critical internal situation.

There is renewed agitation over the failure of the iron and steel industries to complete contract deliveries on short notice. Capacity is being expanded, but there is a shortage of skilled workers in every line due to the unwillingness of the trade unions to allow the ratio of apprentices to trained workers to increase faster than the old law provides.

## Far East

**Chinese government creates central purchasing bureau. Japan will furnish financial aid for small industries; sends "samples" ship to peddle Nipponese goods in Latin America.**

CHINA plans to consolidate all national, provincial, and municipal government purchases under one head and in one department. This is a part of the Nanking government's scheme to improve the financial position of China and place the country in a better bargaining position when buying in world markets.

To handle this business, the Central Trust of China (a subsidiary of the Central Bank of China), will create a Central Trust Purchasing Department.

Further evidence of the government's determination to make China less dependent on foreign manufactures is contained in a report from Nanking that a steel factory and a sugar refining plant will soon be started at Chungking, Szechuan's thriving Yangtze river port. This is a part of a plan also to make the local population less dependent on farming.

All attention in Japan is concentrated on the opening of the Diet which will convene for a brief session during May. At this time, the new "industry control" law will be debated, and various tax measures. The new cabinet's announced policy foreshadows stricter official control of industries, but otherwise is still vague.

## Higher Taxes

An outline of the financial policy to be pursued by the new cabinet hints at the revision of the national loan policy involving an increase in the issue of national bonds, according to a report by the Mitsubishi Economic Research Bureau. Higher taxation is also generally expected to follow the new policy, and interest rates will be lowered in order to prepare the way for the revised national loan policy and probably for the conversion of national bonds to a lower rate.

First move in the conversion program is already under way with the Treasury offering new debentures bearing  $3\frac{1}{2}\%$  for ¥373,000,000 of 5% Treasury bonds outstanding.

Japan has a scheme to give financial

aid to small industry similar to one in use in Britain. Authorities of the Commerce and Industry Ministry have prepared a bill for founding a Bank for Small Business and Industry which will be presented at the special Diet which opened May 1. The plan calls for a bank to be capitalized at ¥10,000,000, half to be subscribed by the government and half by private interests.

Japan is continuing its drive for South American markets. The Kawasaki Steamship Co. will inaugurate its South and Central American express freight service by sending the *Oregon Maru* on its maiden voyage fitted out as a floating sample exhibition ship. The vessel sails from Osaka on May 5, with the hold filled with articles similar to those on display. Efforts will be made to sell the cargo on the spot as well as take orders for future delivery. First call will be San Francisco, with the cruise continuing down the west coast of Central America, visiting ports in Mexico, Costa Rica, Panama, Colombia, Ecuador, Peru, and Chile.

## Latin America

**Window dressing begins for Pan American conference. Trade pact with Colombia will soon be effective. Mexico will have a racing season.**

BECAUSE it is considered in the best informed circles as a bit of window-dressing for the Buenos Aires conference this summer, the bill introduced in the Senate in Washington this week providing for a plebiscite to determine whether Puerto Rico should be freed has attracted considerable attention (page 41).

The Puerto Ricans are not likely to ask for independence, at least under the terms proposed in this bill. It provides for a complete breaking of ties with the United States within four years, including the transition from a territorial status with free access to our markets to alien status with the necessity of entering this market on the same terms as all other foreign business.

Puerto Rico has had an apparent favorable balance of trade with the United States for some years. Actually, island business is less favorably situated than the actual trade balance would make it appear. Authorities state that nearly 90% of the exports to the United States do not represent clear gain for the island, because all of the key industries are controlled by United States capital. This means that much of what appears to be a clear balance in Puerto Rico's favor ultimately is shipped out of the country in the form of profits to the owners of the industry. Since, in addition, the island is dependent on the American market for the disposal of about 95% of its exports it is unlikely

that the Puerto Ricans would vote for freedom from the United States.

## Silverites Are Busy

Last week's rumor that Canada would introduce a bill to remonetize silver has already been blasted. The resolution introduced in Washington by Senator King to authorize President Roosevelt to invite American governments to participate in a conference to consider plans to increase the use of silver and stabilize silver prices is not yet seriously expected to get very far. Both schemes, however, are being watched closely, for inside circles think that silver is going to come in for further governmental support this year. Rumor in Washington now is that the silver question will be discussed at the Buenos Aires conference. It may be nothing more than an informal discussion from the floor, for it is not likely that a unanimous vote could be secured to win it a place on the agenda. Plans can be more readily predicted when the outcome of the negotiations with the Chinese bankers in Washington are revealed.

Two Latin American trade treaties attracted attention this week. Colombia, which signed a new trade agreement with the United States last year (*BW*—Oct 19 '35, p. 30), has now ratified the treaty and it will become effective May 20. Terms of the new pact with Guatemala were revealed this week. It is expected to revive trade between the two countries which reached a peak of \$25,000,000 in 1926, but dropped to a low of about \$10,000,000 last year.

## Boliviano Revalued

Bolivian exchange regulations have been officially altered this month. No final official report has yet been received in this country giving all the details, but it is known that the Bolivian government has fixed the exchange rate at 50 bolivianos to the pound sterling. This compares with an old official rate of about 20 bolivianos to the pound, and a free rate of about 66 last week. Theoretically the change became effective Apr. 1, but the free rate in New York has not yet been brought into line.

## Uruguay Is Prospering

In a recent report to the Overseas Automotive Club, W. T. Moran, assistant vice-president of the National City Bank of New York, made this interesting report on economic conditions in Uruguay:

"Under an able administration, Uruguay's budget has been balanced and the country is politically quiet. For the first time since the depression, the net balance of trade last year was favorable to Uruguay, with good prospects of a repetition this year. A definite plan was introduced for the liquidation of deferred exchange, and the bulk of these payments should be out of the way by

June, 1937. With the present policy of exchange control and import licenses, no new accumulation of deferred exchange is possible. Last year exports were up 56% and imports down 4%. Exchange has been firm; tourist traffic has been excellent—bringing between four and five million dollars into the country last year—and in December bank clearings were the highest since 1919."

Mexico is adding one more tourist attraction. It has just been officially announced in Mexico City that a concession has been granted to conduct a flat and steeplechase horse race meet in the capital beginning Nov. 20. Racing of high grade horses has not been seen in the capital since 1922.

## Canada

**British Columbia is ready to meet all financial obligations. Alberta has highway plan which will be financed by "Social Credit money."**

OTTAWA—British Columbia will pay its May 15 \$3,500,000 maturity (largely held in New York) in cash on due date out of funds it had stowed away. Existence of this money became known when it was seen there was no chance of the province securing a loan from Ottawa unless it accepted federal scrutiny of its finances. The province will have no further maturities till 1939, and will have sinking funds to cover all obligations till 1942, when \$20,000,000 of Pacific Great Eastern Railway bonds will have to be refunded. By that time the

whole problem of provincial finances will probably have been settled.

### Inflation Dollars

First issue of "Social Credit money" may be made in Alberta within two months in payment for work on the provincial highway improvement program which the government claims will be a large factor in getting all the province's unemployed to work this spring. In payment for highway work, the Aberhart government plans to issue certificates which, in passing from hand to hand, would have attached to them stamps to the amount of 2% of face value each week. Thus a \$100 certificate would collect in stamps \$2 a week or \$104 a year. Out of this revenue the government at the end of the year expects to redeem the certificate which cost it nothing to issue. The extra \$4 will pay for administration.

Usually Canadian railways follow United States roads in rate tariffs. Now they have taken the initiative in cutting first class passenger fares 13% and removing the last of the post-war surcharges to sleeping and parlor car rates. Effective June 1, passenger rates return to practically pre-war levels, or under 2 cents a mile.

Canadian newsprint interests are frankly depressed by the attitude of United States publishers as manifest by the paper committee of American Newspaper Publishers Association reporting at the New York meeting last week. They feel their American customers are endeavoring to prevent the industry from becoming solvent. Although it is

admitted that newsprint interests are anxious to prevent price cutting, it is claimed high prices are not sought. Incidentally, there appears no immediate prospect of federal government intervention to safeguard prices, as the paper committee of ANPA appears to anticipate.

An appeal commission, composed of a judge and two federal officials, would meet once a year to hear complaints against fees charged by the Canadian Performing Rights Society and revise them if it saw fit, under a bill now before the Commons sponsored by Secretary of State Fernand Rinfret. The bill carries out recommendations made by a special probe commissioner last year.

### No Silver Bloc

The private member's bill for re-monetization of silver, introduced in the Commons by Thomas Reid of British Columbia, has been ruled out of order on the ground it would affect public revenue. The bill proposed to empower the Bank of Canada to add silver to its currency reserves and issue silver certificates against it. Canada contemplates no change in respect of silver at this time. The Bank of Canada is authorized to accept all newly mined silver and sell it to the United States. The Royal Canadian Mint is minting a few silver dollars but they are unlikely to be widely used.

## Soviet Union

**Moscow prepares to place huge orders abroad for rail equipment. Soviet capital has large central heating system.**

MOSCOW (Cable)—Enormous orders for rail equipment will be placed abroad in the near future. Reports here indicate that investigating commissions are already on their way to Great Britain and the United States, will place their orders where delivery is most prompt and prices most reasonable. Unless credit becomes available, purchases are likely to be paid for in cash.

More than 1,375 miles of double-tracking of the transsiberian line will be completed within a month. This section is in the Far East, north of Japanese-controlled Manchukuo. The second track is several hundred miles north of the old main line, and thus removed from the danger zone along the border.

The railroad budget this year is the largest in the history of the Soviet Union—one billion dollars.

Moscow made a claim this week of having a central heating system second only to New York. Heat delivered to customers in the Soviet capital last year through the mains of the central heating system amounted to 3.97 trillion B.t.u. In New York, the New York Steam Co. delivered to customers in 1935 a total of 12.7 trillion B.t.u.



**BIGGER AND BETTER**—Air conditioning today is not only finding wider markets, it is tackling big jobs with big equipment. This air-conditioning fan, ready for shipment from B. F. Sturtevant Co., Hyde Park, Mass., to Buenos Aires, is one of a battery which will furnish more than 25 tons of air per minute.



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### Margin Flurry

**Wall Street decides that Regulation U is not so tough as it looked at first glance.**

WALL STREET had a few cold chills as the time drew near for the Federal Reserve's Regulation U on margins to go into effect; then, several days before the deadline (May 1), the smoke cleared away.

It was discovered that the Federal Reserve authorities were only setting up machinery for controlling possible expansion of stock exchange loans. Brokers and banks were given to understand that stocks could be substituted and loans renewed without constituting "new" loans. Thus a broker can continue an "old" loan of \$100,000 with \$130,000 of collateral. If he increases the loan, only the added amount is a "new" loan requiring 167% collateral. If, however, the loan is transferred to another bank, it does become a "new" one and calls for the 167% coverage.

The excitement hinged around the meetings of New York Stock Exchange officials late last week. It was reported that higher margin requirements would be considered. The argument was: If the Exchange members have to put up more collateral at the banks, margins will have to go up. However, it appears that the Stock Exchange received reassurances from the Federal Reserve authorities. In any event, the officials came out with an amendment to their own margin rule which actually lowered the minimum margin for small traders.

The Stock Exchange ruling was that brokers could carry customers—large

and small—down to a point where margin still was equal to 30% of the debit balance. In other words, to buy \$10,000 worth of securities the customer must still put up \$5,500, borrowing \$4,500. He must be called for margin when his stocks decline to a point where only 30% of that \$4,500 remains intact. Under the old rule, both large and small traders were called upon to put up 55% margin. Those with a debit balance of more than \$5,000 could be carried until that debit balance had shrunk to 30%; those whose debit balance was less than \$5,000 could be car-

ried down only to 50%. That inequality has been eliminated.

This action by the Stock Exchange, according to the most authoritative advisers, had little to do with Federal Reserve margin requirements, particularly Regulation U. The Reserve authorities have never stipulated the level at which a broker must call a customer for margin. Under Regulation U the bank is not told that the broker must put up more collateral when the value slips below 167%. Nor is the broker required to get "maintenance margin."

### Pruning Prunes

**Substandard ones are separated from others on Coast and sold to byproduct plants.**

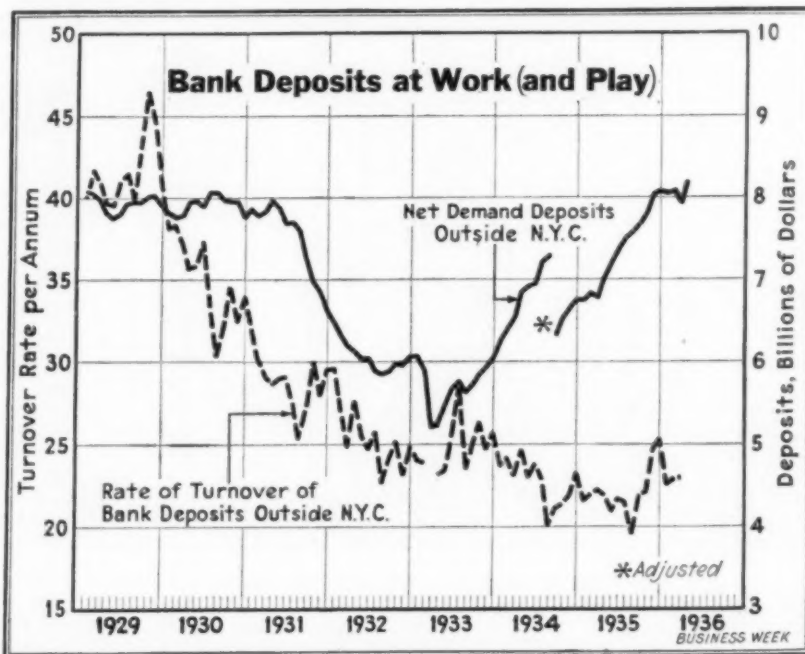
A PLAN to divert substandard prunes to approved byproduct manufacturing processes is being applied on the Coast.

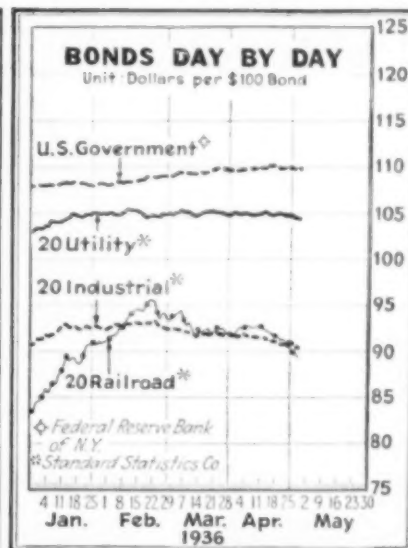
It is sponsored by the Pacific Prune Products Association, a private group without the cooperation of growers. The prunes are bought in the open market, with money borrowed from the federal government.

The prices paid must be more than those offered by packers and shippers, who might include substandard prunes in better-grade lots, or flood the market with inferior products.

The prunes will be used in byproduct plants for stockfeed and commercial alcohol, and in products for human consumption such as prune-butter, juice, powder, and jams. Pitted prunes sold to bakers bring the highest prices.

The 1935 prune surplus was 10,000 tons, all of which the new association will sell to manufacturers.





## Money and the Markets

**Thirteen-month bull movement reaches trouble point, restlessness and worry start slide. Rains in wheat belt indicate drought threat not formidable.**

THIRTEEN is an unlucky number, the old adage says. And this week the stock market is convinced of it. The bull movement held up without a flicker for 13 nice, long months. But the fare was a little too rich for investment and speculative corpuscles. First groans were heard in early April. This week the indigestion reached the stage where a few days sufficed to cancel practically the entire first-quarter advance in stock prices.

One of the main pillars of the 1935-36 upgrade stock market march was easy money. This is still with us and likely to be for a long time to come. Whether it contributed to the sickness that overcame financial circles this week is problematical. Probably it did, if by no more than forcing a sizable quantity of idle funds into stocks even after the time had been reached when the market was ripe for corrective reaction.

### Business Still Rising

Another main support of the market advance was rising business. That factor is still present. But lately the stock market trade has been restless about the high ratio of squeezing that is occurring as business is translated into profits. Gross activity of many companies is and has been highly satisfactory. But taxes, increased costs, and other phenomena of the current period are shrinking the result when it finally gets out the little end of the horn ready for distribution to stockholders. This big business, small profits arrangement is worrisome. It might not be if it could be looked upon as temporary, but it cannot. Washington is heading in the other direction and the ratio between the two ends of the cornucopia is about to be still further widened, if this week's passage of the tax bill by the House means anything.

It required only a foreign scare and the tax problem to release selling in the security markets. French elections disclosed little more than expected Leftist gains, but with the stock market already in a surly mood, the French voting, plus Poland's complete gold embargo, plus fear that the second French elections would be followed sooner or later by devaluation of the franc was enough to give the edge to the pessimists and they made the most of it.

### Tax Threat Bothersome

The tax threat is not yet a positive market influence. The Senate may yet reveal some old-fashioned economic virtue and inject some common sense into it, but financial circles are not taking any chances at the moment. If, a little later, the tax menace is eased, no one will be surprised if securities gladly slip back into the fat and sassy easy money, good business groove. But just for the moment the market is not taking things on faith.

The bond markets rolled in the gutter along with stocks and the break early in the week did not help the new financing market much. Underwriters were content with a fairly quiet period. The greatest excitement in the new issue market was the appearance of Brooklyn-Manhattan Transit's \$110,000,000 whop-

per, the largest issue yet to pass through the Securities & Exchange Commission's hands.

### Damper on Grains

The commodity tail had a bear kink put in it this week, duplicating the experience in the security markets. Weather was the obnoxious factor for the price optimists in grain and cotton, and in rubber the international committee furnished the jolt by unexpectedly increasing export shipment quotas from 60% to 65%.

Just when drought news was coming to a head that promised real tension in the grain markets, it rained all over the Southwest and about two weeks of drought gains were wiped out. The generous moisture in Kansas, Nebraska, Missouri, Oklahoma, and Texas did not actually provide crop insurance, but at least it checked the dry weather injury for the time being. If more of the same thing is forthcoming within the next few weeks the winter wheat country may yet make a 500,000,000 bu. crop.

The Northwest was not included in the damp area but there is less current distress and more time for a rescue, if it is needed, in that region. Secretary Wallace, disparaging the possibilities of long-range weather forecasting, warned that the moisture situation this year is a nutty one and not to be trusted. He implied that good crops could still be had throughout the cereal country.

Texas was glad to get rain. The large acreage of cotton in that state was beginning to look quite thirsty.

### Big Guns Boom

Some big guns of the corporate battery have been booming lately with something new and different in earnings totals. Chrysler led off last week by announcing an \$11,000,000 net income for the first quarter of this year, the best

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net it has ever recorded for the first three months of a year, and inferior only to the final quarter of 1935 in the scroll of all Chrysler quarters. The big business for the quarter affected Chrysler happily, and on the strength of its swollen earnings the corporation busted out with a dividend of \$1.50 a share, the largest single quarter's payment on the company books.

General Motors this week made a loud bang with its \$52,000,000 net income for the first quarter, the noisiest earnings broadside this company has heard in any quarter since 1929 and the third best March quarter in the history of the company. In the 12 months ended March 31, General Motors net sales nearly reached \$1,250,000,000, which is a large package of automotive products.

U. S. Steel, despite a bad winter and the Pittsburgh floods, also came through in the first quarter of the year. With selling prices of steel averaging about the same as in the final 1935 quarter, Big Steel was in the black by \$3,000,000, the best March quarter in the last five years.

### More on Excess Reserves

Two troublesome banking problems—excess reserves and the mounting ratio of security investments to total loans—occupy a major place in the Federal Reserve Bank of New York's 21st annual report. A study completed late last year revealed that no less than 660 of the 793 banks in the district had reserve balances (including deposits with other banks) at least 100% in excess of requirements. If the New York bank has any recommendations, they are veiled. The indication is, however, that an increase in the reserve requirements is favored. It is pointed out that control of credit through open market operations has been found most effective when banks not only have no excess reserves but are in need of "several hundred million dollars of Federal Reserve credit in order to keep their reserves at the required levels."

On investments, the report notes that securities in the New York City member banks' portfolios averaged only 23% of total loans in 1929 but at the end of last year had risen to 59%. That this reflects federal financing through banks is clearly indicated by the fact that the city's banks listed government securities as 75% of their total investment in securities.

### Rolling Stock for Sale

Improvement in the demand for railway rolling stock this week found reflection in the decision of the committee for Florida East Coast Railway equipment trust certificates, series D 5%, to take over the pledged equipment. This promised to be the first instance since 1923 in which rolling stock has been sold

to satisfy the claims of holders of defaulted equipment certificates, although such defaults have not been uncommon. (Settlements have been made in most recent cases of this character.)

The carrier told holders of these certificates (an issue of \$1,000,000) nearly two years ago—on the occasion of default in 1934—that the pledged rolling stock was theirs for the taking. The idea was surprising because the equipment was fairly new (bought in 1924, during the Florida boom when the road needed a lot more rolling stock than it does now). The certificate holders had done nothing about it except to organize a protective committee. Now they have been informed, however, that the railroad has an even greater surplus of equipment—when the hurricane damaged its 46-mile over-water line to Key West the road opened negotiations to sell this line to Monroe County for a motor highway.

So other railroads are being asked to bid for the 22 mountain-type locomotives, five switch-engines, three steel passenger cars, 200 steel-underframe box cars, 20 cabooses and 100 ballast cars, original cost \$2,387,400.

### Unlisted Problem Eased

Now that the Senate has put its final approval on the Administration's amendments to the Securities and Exchange Act of 1934, corporations with stocks traded in unlisted departments of the stock exchanges are a little more at ease. Their shares, provided they have been on the unlisted markets since March, 1934, will continue as they are without interference from SEC. This extension of unlisted trading is indefinite, not because SEC wouldn't like to have a firm hand on the almost seven billion dollars of securities involved, but because up to this time no reasonable method of forcing registration has been thought up.

New issues, however, are to come under SEC scrutiny. They will not be subjected to strict registration, but before they can appear in unlisted circles on the exchanges SEC must be assured that there is need for the implied distribution and market, that issuing corporations furnish satisfactory information and keep it up to date, and that it is understood that they will get off the market if SEC thinks there is any need to protect the public from them.

The whole procedure is not much different from straight registration. Small new issues, if they are not a part of a \$2,000,000 batch of old stock or more, are allowed off the leash.

Another section of the amendments freezes the over-the-counter dealers into a legal registration status. Hereafter the over-the-counter trade will either register with SEC or else develop a pony express for their interstate mail, because Farley's boys in grey will not handle correspondence from unregistered dealers.



## Editorially Speaking—

THE gravestone industry is trying to revive the epitaph. It has sent out a questionnaire, "What type of epitaph do you favor?" Our favorite is: "Here lies Lily Leamington. Death cannot stale nor hellfire wither her infinite mendacity."

MARION ZIONCHECK is the bad boy of Washington. This erratic young Seattle congressman gets tangled up with the police and the local courts repeatedly. If he goes tearing through town at 70 miles an hour he ought to be jailed for it. But there's something in what he says about the visit to Washington of Dr. Gomez, the President-elect of Cuba: "They furnished him with a powerful car and gave him an escort of motorcycle police. They went through town, through red lights, so fast the motor cops couldn't keep up with him and had to flag him down. They were going close to 80."

There's too much of that sort of thing for and by an endless multitude of dignitaries, native and foreign, civil and military. Visiting almost any town, they're given a motorcycle escort, a royal right-of-way, and the speeding privileges of a fire engine on its way to save the pickle works.

A HUSBAND advertises that "my wife, Lillian, having left my bed and board, will no longer be responsible for debts." And why should she, now that she has stopped getting what she was paying for?

WINSTON CHURCHILL was cheered in the House of Commons the other day at the conclusion of a carefully reasoned speech in which he demonstrated that the Nazis spent at least four billion dollars last year to prepare for war. Two days earlier, Gen. Goering called Hitler the Supreme War Lord. The coming war will demonstrate how supreme he is.

ACCORDING to the Earl of Harewood, King Edward VIII's brother-in-law, "you will find it difficult to draw any other parallel to Hitler's methods than that of gangster." These may seem harsh words, but Churchill went farther last year when he declared that Hitler, in killing 1,200 Germans on June 30, 1934, was not only morally but legally a murderer. The Reichstag, shaking in its shoes, assembled a few days afterward and decided that Hitler had done well in killing Gen. von Schleicher and von Schleicher's wife and the rest of the 1,200; but, as Churchill pointed out, no subsequent action by a legislative body can alter the nature of a crime at the time it was committed.

It was because of this frank comment that Churchill, though the best qualified man in England for the job, was not ap-

pointed Minister for the Coordination of Defense. Baldwin, afraid of offending Hitler, passed Churchill by in favor of an undistinguished man named Inskip.

THE Gentleman on the Financial Desk was asked to join in a game of sniff last night, but his lumbago forced him to decline. Sniff is played by people who get down on their hands and knees, ranging themselves in a circle. One of them holds to his nose a cigarette paper from which the tobacco has been removed. By sniffing he manages to keep the paper in place. Then the next player sticks his nose against the paper and tries to sniff it away from the first player's nose. This game is particularly recommended for people with colds that they want to transmit.

We have read that sniff was "devised by a leading stage comedienne." Can this mean Beatrice Lillie? At any rate we'd like to see her playing sniff with Schnozzle Durante.

SHOULD a newspaper have the legal privilege of withholding its sources of information from a judge or a grand jury? Dean Carl W. Ackerman of the School of Journalism of Columbia University, who is a sort of unofficial spokesman for the newspaper business, declares that this privilege should be granted. But why? No other business has it. The law allows it to two or three ancient professions, which receive information in confidence. But a newspaper does exactly the opposite of this; it receives information for the express purpose of passing it on. Therefore it has a far weaker right than a banker, a broker, or a tax expert to claim the privilege of determining how much to tell a court or a grand jury.

THERE are so many Roosevelts there's no keeping track of them. After the revelation of the kind of letters that the president of the Sentinels of the Republic has been writing, it was reported that Nicholas Roosevelt of New York was one of the contributors to the Sentinels. Mr. Roosevelt, who is a Republican, a former minister to Hungary, and a staunch opponent of the New Deal, promptly declared that he had "neither the money nor the inclination" to contribute to such an organization. The man who gave the money is a Philadelphia Roosevelt of the same name. A good argument might be made for labeling all the Roosevelts with numbers, like football players.

LADY CAVENDISH says her brother, Fred Astaire, "has a sympathetic puss." She's too generous to put her brother on the pan.



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## Much to Do With Industry

Henry Ford, always provocative, says "the New Deal has neither harmed nor helped business; it has nothing to do with industry." Yet Mr. Ford must have seen power, if not intention, to harm industry in the Administration's efforts to regiment business, which he so valiantly and conspicuously defied.

Mr. Ford's thinking has been sound enough to support the greatest individual business success in the history of the world. But in giving expression to his thinking on broad questions of economy and sociology, he speaks in terms of years and generations of scientific progress rather than in terms relevant to our immediate business and political problems.

Before discussing the impact of the New Deal on industry, one should define the New Deal. The fact that many New Deal supporters went along with Huey Long's scheme to break Mr. Ford's property into thousands of small bits and distribute them as dividends to the public doesn't make that a part of the New Deal. But the fact that Mr. Roosevelt, himself, does want to establish a planned economy that would control Mr. Ford's business as to prices, wages, output, and profits, does want to break Mr. Ford's business up into many small unrelated parts, and does want to put an end to the accumulations of large corporate surpluses, which, in the case of Mr. Ford, crossed the billion-dollar mark long ago, has something to do with industry, and is an integral part of the New Deal.

The New Deal is one thing today and another tomorrow. Its founders have largely been discarded, and its responsible personnel changes with bewildering suddenness and inexplicability. Its wise men in the inner council are frequently shocked by what is promulgated in the name of it. And one by one they come first to criticize it in sorrow and then to condemn it in indignation.

None knows better than Prof. Raymond Moley what the New Deal has to do with industry. He sat at the head of the table in all the councils that devised it. And yet he appears before the National Association of Manufacturers to give support to the belief that the New Deal has delayed recovery, crippled business, produced a deadlock in utilities, shipping, and

housing, prolonged relief, and wasted staggering sums. This has much to do with industry.

The critical decision as to relief policy and tax spending, says Prof. Moley, was made in December of 1934, when the Hopkins method was chosen over that of Mr. Ickes, on the premise "that relief work need be only temporary and that the Administration should and would cooperate with private business to the end of stimulating reemployment." Consequently one would expect the Administration "to be moving Heaven and earth to promote private employment. But what is happening?"

Answering by illustration, Prof. Moley reminds us that in housing, the field that offered the greatest opportunity for quick revival and relief curtailment, sound plans for the employment of millions of men have been "frustrated by petty bickerings, by inordinate ambitions, and by interference from departments of the government which have no legitimate interest in the subject whatsoever."

And Peter Grimm, former special assistant secretary of the treasury, to which post the President appointed him with the responsibility but not the authority of coordinating the chaotic housing schemes of the government, points out that \$30,000,000 and three years have been spent by the Public Works Administration on a low-cost housing program that has mainly failed of its purpose, and declares that the dominant reason for this is the excessive centralization of power in Washington.

Yes, the New Deal has something to do with industry, and industry had best be alive to what it has to do with the New Deal. It is the attitude and understanding of the American public that should concern industry more than the personal political future of Franklin D. Roosevelt. Whether he will be reelected is perhaps less important than the complexion of the next Congress; and that can be influ-

enced best by telling the truth about business and politics to a public that has recovered from hysteria and is ready for reason.

## Real News—A Cut In Gasoline Taxes

At last there is a faint gleam of hope for the oil industry, the automotive industry, and the motorist, burdened as they all are by the fantastic accumulation of gasoline taxes. Unless the New York legislature reverses itself, the state gasoline tax will be reduced on July 1 from 4¢ to 3¢.

True, this is merely the action of one state, and the relief afforded is small. But other states may act on this example, and some of them may go farther. At least a beginning has been made. Apparently the gasoline taxes have now reached their peak, and if the oil and automotive industries continue their fight and get a reasonable amount of help from the rest of business, the taxes may be pushed down materially.

What makes this question of urgent importance to all business is the fact that the gasoline taxes have been a brake on automotive recovery, which has set the pace for the whole country. Perhaps nobody can estimate how much less driving there has been as a result of the gasoline taxes, or how many fewer automobiles have been bought, but it stands to reason that the \$636,000,000 collected in gasoline taxes throughout the United States last year were a sufficient burden on motorists to produce a damaging effect on the manufacture and sale of automobiles.

We are coming out of a tragic depression, during which our impoverished governments frantically seized on gasoline taxes to compensate for their depleted revenues from other sources. There was a great deal of excuse for what they did, and it is no use heaping blame on them now. But if they had acted differently, would there not have been more driving and buying of automobiles, and would not the automobile industry have recovered sooner, helping the whole country to an earlier recovery? And will not that recovery be quickened if gasoline taxes are driven down a few pags?

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